

# Governance report



**Omid Kordestani**  
Chair

## Chair's letter

### Dear fellow shareholders,

It is a pleasure to introduce our Governance report for 2025. This was another successful year filled with strategic progress and innovation, including long-term strategic partnerships, further embedding of AI across our products and services, and good financial performance, which you can read more about throughout this annual report.

### Strategy and performance

The Board continues to be heavily engaged with the management team in overseeing the implementation of our strategic goals, with particular focus on initiatives around people and culture, product excellence and operationalising the company's new strategic partnerships. In addition to execution oversight, the Board undertook a detailed strategy-focused meeting with management in June 2025, reflecting on and refining the strategic priorities. The Board also oversaw the acquisition of eDynamic Learning in July 2025, a key step in further developing Pearson's capabilities in one of its medium-term growth vectors, Early Careers. You can read more about the Board's consideration of this acquisition on page 89.

The Board continued to pay close attention to maintaining a strong financial position, which enabled us to increase the dividend again in 2025, in line with our progressive and sustainable dividend policy. During 2025, we completed a £350m share buyback programme to return capital to shareholders. On 21 January 2026, we launched a further £350m share buyback programme, in line with the priorities and discipline embodied in our capital allocation policy, which enables Pearson to create sustainable, long-term value for every stakeholder. You can read more about our capital allocation approach on page 153.

As part of monitoring execution and performance, the Board regularly receives a dashboard that allows Directors to monitor progress on Pearson's financial and strategic priorities, supported by agreed indicators and milestones identified as key measures of performance. During the year we introduced our strategic 'power metrics', a small number of metrics that track our progress against our strategic priorities, which replaced the previous set of strategic KPIs. You can read more about our financial KPIs and strategic 'power metrics' on pages 23-24 of this annual report.



**The Board is focused on ensuring Pearson is a successful and effective company for the benefit of all stakeholders."**

**Omid Kordestani**  
Chair

The Board's oversight of performance and risk includes strategic risk deep dives presented by each business unit to the Board throughout the year. This is further underpinned by the excellent work of our Audit Committee, which you can read more about on pages 102-116. This includes a continued focus on data privacy and cyber security, the delivery of the external audit plan, as well as overseeing our financial controls and internal audit programmes. During 2025, the Audit Committee has overseen preparations for the new requirements relating to risk management and internal control matters in the UK Corporate Governance Code, which came into effect on 1 January 2026. You can read more about this work on page 110.

### Culture, employee and stakeholder engagement and sustainability

During the year, the Board held engagement sessions with employees in London and the US - in Hoboken, New Jersey, and Boston, Massachusetts - to hear employee views. Read more about these sessions, and plans for Board engagement with the workforce in 2026, on page 87. You can read more information on how we promote and embed a culture of community in the workforce environment throughout Pearson on page 40.

The Board is also supporting the Pearson Executive Management team to drive a culture of performance and accountability throughout the organisation. Talent development and succession planning are ongoing themes in the work of the Board and its Committees.

The Board has continued to work with Pearson's Chief Human Resources Officer to assess employee engagement levels and consider how Pearson's desired culture has been embedded throughout the organisation. Our work in this area includes analysing the results of the annual company-wide engagement survey and conducting deep dives into succession planning and the senior talent pipeline. During the year, we introduced defined core essential behaviours, the Pearson Promise, a modern career architecture framework built on opening up clear career pathways, and a new performance cycle with updated evaluation criteria. You can read more on page 40.

Understanding the views and priorities of all our stakeholders is key to running a successful, sustainable company that meets the needs of learners, educators, governments and employers. You can read more about the Board's engagement activities in the Stakeholder engagement section on page 17. The Board has engaged extensively with our larger shareholders, representing approximately 85% of Pearson's equity, regarding the company's proposed new Directors' Remuneration Policy to be tabled to shareholders at the 2026 AGM. More information on remuneration and the Board's engagement work, through the Remuneration Committee, is included in the Directors' Remuneration Report starting on page 117.

As the world's lifelong learning company, Pearson recognises its enormous potential to make a positive impact on people and the planet. A key pillar of our Learning for Impact framework, which you can learn more about on page 35, is our responsible use of AI, as well as sustainability matters. The Reputation & Responsibility Committee oversees Pearson's responsible application of AI, oversight of government relations matters, as well as monitoring and inputting into Pearson's sustainability strategy and initiatives on behalf of the Board, with more on this described in the Committee's report starting on page 99.

## Board composition, succession and evaluation

We have a fully engaged Board, with varied backgrounds, perspectives and skill sets, whose range of expertise includes technology, education and workforce learning, and leadership of global, complex organisations. You can read more about the Board's skills and experience on page 72.

At the end of 2025, Lincoln Wallen stepped down after serving ten years on the Board. During his tenure, Lincoln has been a valuable member of the Audit and Reputation & Responsibility Committees, and a steady and knowledgeable voice on the Board, bringing a rare combination of commercial and strategic insight with deep expertise in technology and AI, from which Pearson has benefited enormously. On behalf of all Directors, I would like to extend our warmest gratitude to Lincoln for his commitment, his passion to Pearson's mission and his long-serving contribution to the company.

We were delighted to welcome two new Board members during the year. Arden Hoffman joined the Board as Non-Executive Director in June 2025, bringing strong expertise and business perspectives on workforce and talent development in an era of innovation and AI. Costis Maglaras joined the Board as Non-Executive Director in November 2025. His expertise includes the impact of transformative technologies on businesses and he brings a focus on enhancing curriculum and learning in the rapidly changing global business landscape. Both Costis' and Arden's insights are already proving to be invaluable as Pearson continues to execute against its strategy.

The Board also oversaw a planned succession process for the role of Group Chief Financial Officer. I would like to thank Sally Johnson for her significant contribution to Pearson over many years, and to welcome Simon Robson, formerly Group Chief Financial Officer at Sky, who will join the company in March 2026 and assume the role of Group Chief Financial Officer and Executive Director on 8 May 2026. Simon brings deep financial and leadership experience and the Board is delighted to have appointed such a strong successor.

We will continue to monitor the Board's composition to ensure we maintain the range of skills, experience and perspectives needed to support the company's strategy and complement our succession planning. More detail about the Board's search process and succession planning can be found in the Nomination & Governance Committee report on pages 94-98.

The annual Board performance review in 2025 was internally facilitated by way of a detailed, tailored questionnaire. The review demonstrated that our Board is highly engaged, with a good balance of relevant and recent experience, and an open and collaborative atmosphere, which encourages constructive challenge and collaborative decision-making.

Good progress has also been made on the recommendations from the 2024 review. You can read more about the 2025 performance review, and how the Board implemented recommendations from the previous performance review, on pages 91-93.

## Conclusion

I hope this report explains clearly to you how Pearson is run and how we align governance and our Board agenda with our strategic direction. Shareholders are always welcome to put their questions or feedback to us, either via our website ([plc.pearson.com](https://plc.pearson.com)) or at our AGM. Once again this year, shareholders will be able to join us and vote at our AGM either in person or virtually. Details will be included in the forthcoming AGM notice.

It only remains for me to thank our shareholders for their continued support and interest in this fantastic company. I look forward to maintaining our stakeholders' confidence as we seek to capture Pearson's enormous growth potential as a lifelong digital partner for learners everywhere.

## Omid Kordestani

Chair

## Compliance with the UK Corporate Governance Code

For 2025, we are reporting against the 2024 edition of the UK Corporate Governance Code (the Code) (with the exception of Provision 29, in respect of which – for 2025 – we continue to report in accordance with the 2018 edition of the Code, as required). The principles set out in the Code emphasise the value of good corporate governance to the long-term sustainable success of listed companies. The Pearson Board is responsible for ensuring that the Group has in place appropriate frameworks to comply with the Code's requirements, or otherwise for explaining any instances of non-compliance. This Governance report and the Strategic report set out how Pearson has applied the principles of the Code throughout the year.

The Board believes that during 2025 the company was in full compliance with all applicable principles and provisions of the Code.

A copy of the Code can be found on the Financial Reporting Council's (FRC) website, [www.frc.org.uk](https://www.frc.org.uk).

# Board of Directors

All Board members have strong leadership experience at global businesses and institutions.

Our Board members' biographies, together with the Board's skills matrix on page 97, illustrate the contribution each Director makes to the Board by way of their individual experience.

## Key to Committees

- A Audit
- NG Nomination & Governance
- RR Reputation & Responsibility
- R Remuneration
- Committee Chair

Current notable commitments reflect other listed company directorships and full-time or executive roles.



**Omid Kordestani** NG

### Chair

Age: 62

First appointed to the Board 1 March 2022  
Chair since 29 April 2022

### Skills and experience

Omid is an international businessman who serves on the board of the fintech company Klarna Group plc. He was Executive Chair of Twitter, Inc. between October 2015 and May 2020, and a Director until October 2022.

From August 2014 to August 2015, Omid served as Senior Vice President and Chief Business Officer at Google and previously as Senior Vice President of Global Sales and Business Development.

From 1995 to 1999, Omid was Vice President of Business Development at Netscape Communications Corporation, and prior to that held positions in business development, product management and marketing at The 3DO Company, Go Corporation and Hewlett-Packard Company.

Drawing on over 30 years of experience in Silicon Valley, Omid pursues his passion for technology, science, medicine and education through active investments in technology start-ups and advising entrepreneurs.

### Current notable commitments

Klarna Group plc (Non-Executive Director)



**Omar Abbosh**

### Chief Executive

Age: 59

Chief Executive since 8 January 2024

### Skills and experience

Omar has a career spanning more than 30 years driving growth and transformation for leading multinational companies. He joined Pearson with a background steeped in technology and innovation, and with a deep understanding of how to shape and execute successful strategies in a world of disruption.

Most recently, Omar was the President of Microsoft Industry Solutions with responsibility for driving sales, service and solutions across Microsoft's largest customers. While there he led industry and technical business units, including strategy, engineering, partnering and sales teams that shaped product roadmaps and strategic campaigns. Prior to Microsoft, Omar spent three decades at Accenture where he helped to orchestrate the company's digital transformation, and led a large and highly successful business unit. He served in numerous senior leadership roles at Accenture, including Chief Strategy Officer and ultimately as Chief Executive of the global Communications, Technology and Media business.

Omar was previously a Non-Executive Director of Zuora, Inc., an enterprise SaaS company. He holds a degree in electronic engineering and information sciences from the University of Cambridge and a Master's degree in business administration from INSEAD.



**Sally Johnson**

### Chief Financial Officer

Age: 52

Chief Financial Officer since 24 April 2020

### Skills and experience

Sally joined Pearson in 2000 and has held various finance and operations roles across the business, both at a corporate level and within the business units, including The Penguin Group. She brings to the Board extensive commercial and strategic finance experience, as well as expertise in transformation, treasury, tax, risk management, business and financial operations, investor relations and mergers & acquisitions.

Sally is a Non-Executive Director of Rentokil Initial plc and Chair of its Audit Committee, a member of the Institute of Chartered Accountants in England and Wales and trained at PricewaterhouseCoopers. She was also a Trustee for the Pearson Pension Plan from 2012 to 2018.

### Current notable commitments

Rentokil Initial plc (Non-Executive Director)



**Sherry Coutu, CBE** R NG

#### Non-Executive Director

Age: 62

Non-Executive Director since 1 May 2019

#### Skills and experience

Sherry is an experienced non-executive director, having held numerous senior leadership positions in the financial services, technology and education sectors.

She is Non-Executive Director and Senior Independent Director of Raspberry Pi Holdings plc, the world's largest single-board computer company, and she also chairs its Remuneration Committee. She is also Non-Executive Director of Standard Life plc, the UK's largest long-term savings and retirement business, and chair of its Remuneration Committee.

Sherry is a Trustee of Founders4Schools and a co-chair of Cancer Research UK Global Campaign Leadership Committee. Her previous directorships include the London Stock Exchange Group plc, DCMS, Zoopla plc, RM plc, The Scaleup Institute, Cambridge University Press and Cambridge Assessment. She has also acted as an adviser to LinkedIn, the National Gallery, the Royal Society and NESTA.

Prior to her portfolio career, Sherry founded several technology companies and invested in 70 tech start-up companies and five venture capital firms.

#### Current notable commitments

Raspberry Pi Holdings plc (Non-Executive Director and Senior Independent Director)  
Standard Life plc (Non-Executive Director)



**Alison Dolan** A R

#### Non-Executive Director

Age: 56

Non-Executive Director since 1 June 2023

#### Skills and experience

Alison brings to the Board extensive commercial and operational finance experience, specifically in digital businesses. In January 2025, she joined the Board of Marks and Spencer Group plc as Chief Financial Officer. Prior to this, she was the Chief Financial Officer of Rightmove plc between September 2020 and September 2024 and she held several senior financial positions at Sky plc, including Group Treasurer, Director of Finance and was the Deputy Managing Director at Sky Business. She later moved to News UK to serve as Chief Strategy Officer at the forefront of the business's digital transformation. Alison has a master's in Finance from University College Dublin.

#### Current notable commitments

Marks and Spencer Group plc (Chief Financial Officer)



**Alex Hardiman** A RR

#### Non-Executive Director

Age: 44

Non-Executive Director since 1 June 2023

#### Skills and experience

With more than 15 years of experience in media and technology, Alex brings to the Board deep expertise in consumer product strategy and growth, scaling subscription and digital advertising businesses, and high-quality journalism and content.

Alex currently serves as Chief Product Officer at The New York Times, where she oversees the company's News, Cooking, Games and Audio products that power its digital business. She also leads its enterprise-wide approach to generative AI. Alex previously spent a decade at The New York Times in several leadership roles before leaving for Facebook in 2016 where she served as Head of News Products, overseeing news experiences for Facebook consumers and publishers. Alex also spent time at The Atlantic as its Chief Business and Product Officer where she relaunched the company's consumer offerings and subscription model.

#### Current notable commitments

The New York Times (Chief Product Officer)



**Arden Hoffman** RR R

#### Non-Executive Director

Age: 54

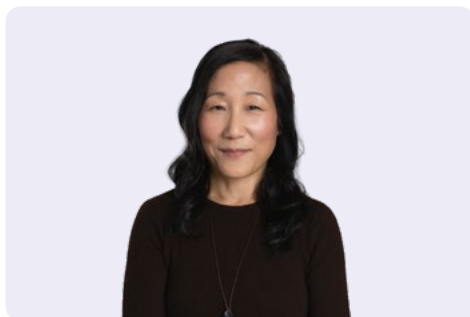
Non-Executive Director since 1 June 2025

#### Skills and experience

Arden is the Chief People Officer and Senior Vice President at General Motors, a position she has held since 2023, overseeing Human Resources, Facilities, Security and Charitable Giving. These functions play a critical role in fostering a culture of innovation, ensuring the company attracts, retains and develops top talent in a rapidly evolving industry. She brings to the Board a strong background in human resources and talent development in the global automotive, technology and financial services sectors. Prior to General Motors, Arden served as Chief People Officer at Cruise and as Global Head of Human Resources at Dropbox, and has held senior positions in HR at Google and Goldman Sachs. She currently sits on the Advisory Board of Berkeley's College of Letters and Sciences and the Transformation CHRO Leadership Program.

#### Current notable commitments

General Motors (Chief People Officer)

Board of Directors *continued*
**Esther Lee** NG RR R
**Non-Executive Director**

Age: 67

Non-Executive Director since 1 February 2022

**Skills and experience**

Esther brings significant experience to the Pearson Board through her prior executive management roles in developing customer strategies to drive growth, global marketing and branding, driving digital transformation and building high-performance teams.

She has a long track record of senior leadership roles, working for global consumer and enterprise-facing brands. Most recently, she served as Executive Vice President – Global Chief Marketing Officer at MetLife Inc. Previously, Esther served as Senior Vice President – Brand Marketing, Advertising and Sponsorships for AT&T, and she has served as CEO of North America and President of Global Brands for Euro RSCG Worldwide. Prior to that, she served for five years as Global Chief Creative Officer for The Coca-Cola Company.

Esther is a Board member at The Clorox Company, where she chairs the Nomination & Governance Committee, and is a Non-Executive Director of Experian plc.

**Current notable commitments**

The Clorox Company (Non-Executive Director)  
Experian plc (Non-Executive Director)


**Costis Maglaras** A RR
**Non-Executive Director**

Age: 56

Non-Executive Director since 1 November 2025

**Skills and experience**

Costis is Dean of Columbia Business School, where he is also the David and Lyn Silfen Professor of Business. As a trained technologist he has a focus on enhancing curriculum and learning to meet the demands of the rapidly changing global business landscape, and fostering a greater understanding of the role of technological breakthroughs in solving business challenges. His fields of expertise include machine learning and AI, social networks and quantitative finance. Costis has been with Columbia Business School since 1998. His industry experience over the past 15 years has been focused on different aspects of qualitative investing and trading at organisations including ADIA, Goldman Sachs, Bank of America and Mismi.

**Current notable commitments**

Columbia Business School (Dean)


**Graeme Pitkethly** A NG RR
**Deputy Chair and Senior Independent Director**

Age: 59

Non-Executive Director since 1 May 2019

**Skills and experience**

Graeme was Chief Financial Officer and a Board member of Unilever plc until December 2023. He joined Unilever in 2002 and, prior to his appointment as the CFO, was responsible for its UK and Ireland business. He also held a number of senior financial and commercial roles within Unilever and spent the earlier part of his career in senior corporate finance roles in the telecommunications industry. Graeme served as Vice President of Financial Planning and Vice President of Corporate Development at FLAG Telecom and started his career at PricewaterhouseCoopers.

Graeme is a Non-Executive Director of Sandoz Group AG and Chair of its Audit, Risk and Compliance Committee, and a Non-Executive Director of Verisure plc and Chair of its Audit and Risk Committee. He is also a Trustee of The Leverhulme Trust, a charitable trust funding academic research in the UK, a member of the Strathclyde University Centre for Sustainable Development and a chartered accountant.

**Current notable commitments**

Sandoz Group AG (Non-Executive Director)  
Verisure plc (Non-Executive Director)


**Annette Thomas** RR NG R
**Non-Executive Director**

Age: 60

Non-Executive Director since 1 October 2021

**Skills and experience**

Annette has a 25-year track record in leading global publishing and data analytics businesses, across academic, educational and consumer media verticals. Most recently, she served as CEO of Guardian Media Group, a position she held until June 2021. Prior to that, Annette was CEO of the Web of Science Group at Clarivate Analytics, a data, analytics and software business focused on research and higher education. She has also served as CEO of Macmillan Publishers and led the digital and global transformation of Nature Publishing Group.

She is a Non-Executive Director of Schroders plc and currently serves as Senior Advisor to General Atlantic. Her previous non-executive experience includes serving as a Trustee of Yale University, Non-Executive Director at Clarivate Analytics (2017), and as a board member for Cambridge University Press and Cambridge Assessment (2019–2020). She has also previously acted as an adviser to Creative Commons and Bain Capital.

**Current notable commitments**

Schroders plc (Non-Executive Director)

## Upcoming Board appointment



### Simon Robson

#### Chief Financial Officer Designate

Age: 52

To be appointed Chief Financial Officer with effect from 8 May 2026

#### Skills and Experience

Simon brings extensive financial leadership from Sky, one of Europe's largest media, technology and connectivity businesses. Having joined Sky in 1997, he has held a number of senior finance and strategy roles, including CFO of Sky Deutschland from 2015 to 2018, followed by Deputy Group CFO, before being appointed Group CFO in June 2020. A chartered certified accountant, Simon brings a strong track record of delivering high-impact financial strategy and operational excellence.

## Independence of Directors

All of the Non-Executive Directors who served during 2025 were considered by the Board to be independent for the purposes of the UK Corporate Governance Code (the Code) and the listing standards of the New York Stock Exchange (NYSE). The Board reviews the independence of each of the Non-Executive Directors annually. This includes reviewing their external appointments and any potential conflicts of interest, as well as assessing their individual circumstances in order to ensure that there are no relationships or matters likely to affect their judgement. In addition to this review, each of the Non-Executive Directors is asked to provide confirmation on an annual basis of their independence as defined by the NYSE listing rules and the Code.

Upon attainment of nine years' service by any Non-Executive Director, the Board undertakes an assessment to satisfy itself as to the continuing independence of that Director.

In accordance with the Code, Omid Kordestani was considered to be independent upon his appointment as Chair on 29 April 2022.

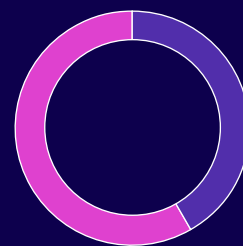
The Directors can obtain independent professional advice, at the company's expense, in the performance of their duties. All Directors have access to the advice and services of the Company Secretary, whose appointment and removal is a matter reserved for the full Board.

This data reflects Directors in office as at 31 December 2025 (including Lincoln Wallen, who stepped down from the Board on 31 December 2025).

To learn more about Board demographics, please see page 98. For diversity data in the format prescribed by UK Listing Rule 6.6.6R(10), please see page 53.

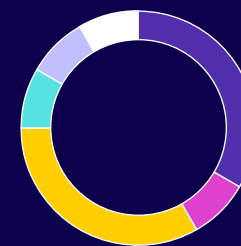
## Board composition

### Gender



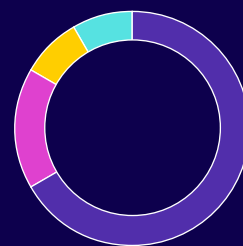
Male	5
Female	7

### Nationality



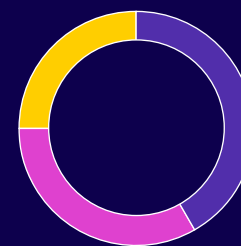
American	4
American / British (dual)	1
British	4
Canadian	1
American/Greek (dual)	1
Irish	1

### Ethnicity<sup>1</sup>



White	8
Mixed / multiple ethnic group	2
Asian / Asian British	1
Other ethnic group	1

### Tenure



Under 3 years	5
3-6 years	4
Over 6 years	3

1. Ethnicity categories are based on the UK's Office for National Statistics classification.

# Pearson Executive Management (PEM)



**Ali Bebo** E

## Chief Human Resources Officer

Age: 57

Joined Pearson 13 December 2021  
Appointed to the PEM 13 December 2021

### Skills and experience

Ali is a seasoned C-suite executive with over 25 years of experience building culture for transformative business performance across multiple industries.

Prior to joining Pearson, she was an executive officer and CHRO for Hologic, Inc., a global medical technology company. Prior to Hologic, she held various HR leadership roles with the speciality retail company ANN INC.



**Ginny Cartwright Ziegler** E

## Chief Marketing Officer

Age: 58

Joined Pearson 29 July 2024  
Appointed to the PEM 29 July 2024

### Skills and experience

Ginny has over 30 years of experience leading large-scale, global marketing and communications strategies for some of the world's biggest consumer and technology brands such as HP, IBM, Intuit and Xerox.

Before joining Pearson, Ginny served as Chief Marketing & Communications Officer for Accenture North America. Ginny earned a BA in modern languages & literature from the University of Bristol. Ginny is chair of strategic planning and board director for San Francisco Opera Guild, which provides award-winning K12 arts education programmes to more than 64,000 Bay Area children.



**Vishaal Gupta** E

## President – Enterprise Learning & Skills

Age: 53

Joined Pearson 15 April 2024  
Appointed to the PEM 15 April 2024

### Skills and experience

Vishaal has over 30 years of global experience in enterprise technology. He has a proven record of scaling digital businesses and building high-performance teams. He joined Pearson from Accenture, where he was Senior Managing Director and a part of the Global Leadership Council. Previously, he worked with Tech Mahindra, MindTree and HCLTech.



**Sharon Hague** I

## President – English Language Learning

Age: 55

Joined Pearson 10 January 2000  
Appointed to the PEM 3 March 2025

### Skills and experience

Sharon has 25 years' experience in courseware, assessment and qualifications. She began her career teaching geography in UK secondary schools for eight years and is a resilient leader skilled in driving growth in regulated, media-sensitive environments. Sharon has worked extensively with governments, schools and partners to advance learning and assessment. An Oxford graduate (BA Geography, PGCE), she serves on the UK Publishing Association Council and previously chaired the Joint Council for Qualifications.

**I** Internal **E** External



**Sulaekha 'Sue' Kolloru Barger** **E**

**Chief Strategy Officer**

Age: 50

Joined Pearson 16 May 2022  
Appointed to the PEM 16 May 2022

**Skills and experience**

Sue has more than 25 years of global strategy and corporate experience. Additionally, she held engineering roles at technology companies. Sue holds an MBA from The Wharton School at the University of Pennsylvania and a BSc in electrical engineering from the University of Ottawa in Canada. She has served on several non-profit boards and councils focused on diversity and STEM.



**Cinthia Nespoli** **I**

**General Counsel**

Age: 45

Joined Pearson 1 February 2014  
Appointed to the PEM 21 May 2020

**Skills and experience**

Cinthia has over 20 years of international legal and compliance experience. Previously, she held leadership roles in legal and compliance at multinational companies. Cinthia was admitted to the Brazilian bar in 2004 and earned her law degree from Pontificia Universidade Católica de Campinas as well as a post-graduate degree in tax law from Pontificia Universidade Católica de São Paulo.



**Tony Prentice** **E**

**Chief Product Officer**

Age: 53

Joined Pearson 1 May 2023  
Appointed to the PEM 1 May 2023

**Skills and experience**

Tony has more than 25 years of experience in consumer-led product management in companies including Sema4, American Express and Starbucks. He brings extensive expertise in strategic product development and consumer marketing. He holds an MBA from Columbia Business School and a BS in Mechanical Engineering from Cornell University.



**Tom ap Simon** **I**

**President – Higher Education and Virtual Learning**

Age: 47

Joined Pearson 1 December 2004  
Appointed to the PEM 1 April 2021

**Skills and experience**

Tom has 20 years of international business and finance experience. At Pearson, he has led the Virtual Schools business, worked in finance for the emerging markets businesses and led M&A activity in the US. Previously, he worked in investment banking at RW Baird. Tom holds an MA in Economics and Politics from the University of Edinburgh.

Pearson Executive Management (PEM) *continued*

**I** Internal **E** External



**Dave Treat** **E**

**Chief Technology Officer**

Age: 51

Joined Pearson 2 July 2024  
Appointed to the PEM 2 July 2024

**Skills and experience**

Dave has over 25 years of experience in technology, innovation and strategic business transformation. He joined Pearson from Accenture where he served as a Senior Managing Director. Dave helped to found and has served on several technology and industry boards including the Linux Hyperledger Foundation, Linux Open Wallet Foundation, Digital Dollar Project and the Global Business Blockchain Council. Dave earned a Master's degree in Higher Education Administration from the University of Michigan and a degree in Psychology from the University of Pennsylvania.



**Naseem Tuffaha** **E**

**Chief Business Officer**

Age: 54

Joined Pearson 13 January 2025  
Appointed to the PEM 13 January 2025

**Skills and experience**

Naseem has over 30 years of experience in executive positions, sales, international and market development. Prior to joining Pearson, he was Chief Growth Officer of global advertising technology firm The Trade Desk. He has also served in a variety of go-to-market leadership roles during his long career at Microsoft, most recently as Head of Sales for the company's Modern Work businesses. Naseem serves on the board of several non-profit organisations dedicated to providing medical relief to children in underserved areas and holds a degree in Economics from Harvard University.



**Art Valentine** **I**

**President – Assessment & Qualifications**

Age: 61

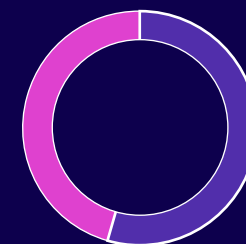
Joined Pearson 23 January 2006  
Appointed to the PEM 1 February 2022

**Skills and experience**

Art has more than 30 years of leadership experience in assessments, testing and technology. Prior to his 20 years at Pearson serving as a senior leader of Pearson Professional Assessments and as Managing Director of Pearson Clinical Assessment, Art worked at global technology organisations including Accenture, Perot Systems and Promissor, which was acquired by Pearson in 2006. Art earned his BS in Mathematical Science/Computer Science from the University of North Carolina Chapel Hill.

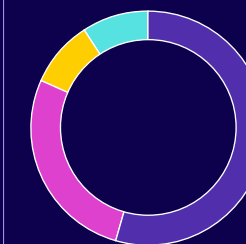
**PEM composition**

**Gender**



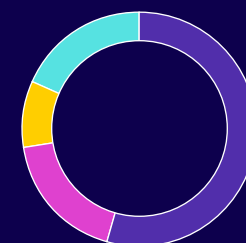
Male 6  
Female 5

**Nationality**



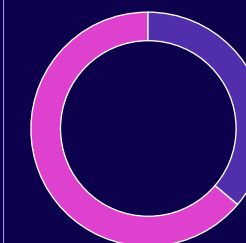
American 6  
British 3  
German 1  
Italian/Brazilian (dual) 1

**Ethnicity<sup>1</sup>**



White 6  
Asian/Asian British 2  
Mixed / multiple ethnic groups 1  
Other ethnic groups 2

**External/internal appointment**



Internal 4  
External 7

These figures reflect the Pearson Executive Management team, excluding the Company Secretary, as at the date of this annual report. The Chief Executive and Chief Financial Officer have been excluded and are counted in the Board metrics on page 75. For diversity data in the format prescribed by UKLR 6.6.6R(10), please see page 53.

1. Ethnicity categories are based on the UK's Office for National Statistics classification.

# Division of responsibilities

## The Board

The Board has established four formal Committees. The Committees focus on their own areas of expertise, enabling the Board meetings to focus on strategy, performance, leadership and people, governance and risk, and stakeholder engagement, thereby making the best use of the Board's time together as a whole. In accordance with Provision 29 of the UK Corporate Governance Code 2024, with effect from 1 January 2026 the Board also monitors the effectiveness of the company's material controls. The Committee Chairs report to the full Board at each Board meeting following their sessions, ensuring a good communication flow while retaining the ability to escalate items to the full Board's agenda, if appropriate.

### Nomination & Governance Committee

Reviews corporate governance matters, including Code compliance and Board performance; considers the appointment of new Directors and Board experience; and reviews Board induction and succession plans.

### Reputation & Responsibility Committee

Works to assess and advance Pearson's reputation with stakeholders, including oversight and scrutiny across all reputational matters, for example areas of branding, thought leadership, our application of AI, government relations and safeguarding. Oversees our sustainability framework, including progress towards our sustainable business strategy commitments.

### Audit Committee

Appraises our financial management and reporting and assesses the integrity of our accounting procedures and financial controls. The Committee also oversees risk, compliance and internal audit.

### Remuneration Committee

Determines the remuneration and benefits of the Executive Directors and oversees remuneration arrangements for Pearson's senior management team, as well as monitoring remuneration policies for the wider workforce.

### Chair

The Chair is primarily responsible for the leadership of the Board and ensuring its effectiveness. They ensure that the Board upholds and promotes the highest standards of corporate governance, setting the Board's agenda and encouraging open, constructive debate of all agenda items for effective decision-making. They regularly meet the Chief Executive to stay informed and provide advice. They also ensure that shareholders' views are communicated to the Board.

### Chief Executive

The Chief Executive is responsible for the operational management of the business and for the development and implementation of the company's strategy, as agreed by the Board and management. They are responsible for developing operations, proposals and policies for approval by the Board, they promote Pearson's culture and standards, and they are one of the key representatives of the company to its external stakeholders.

### Deputy Chair and Senior Independent Director

The Deputy Chair and Senior Independent Director supports the Chair on Board performance and governance matters. This role includes meeting regularly with the Chair and Chief Executive to discuss specific issues, as well as being available to shareholders generally, should they have concerns that have not been addressed through the normal channels. The Deputy Chair and Senior Independent Director also leads the evaluation of the Chair on behalf of the other Directors.

### Company Secretary

The Company Secretary advises on governance matters and compliance with Board procedures. They are responsible, under the direction of the Chair, for ensuring the Board receives accurate, clear and high-quality information, and has adequate time and appropriate resources to function effectively and efficiently. They also support the Chair in delivering the corporate governance agenda, and organise Director induction, training programmes and the Board evaluation process.

### Pearson Executive Management (PEM)

The Pearson Executive Management team consists of the Chief Executive and their senior direct reports. It is the executive management group for Pearson and is responsible for delivering Pearson's strategy under clearly defined accountabilities and in line with agreed governance and processes.

### Standing Committee

A Standing Committee of the Board is established to approve certain operational and ordinary course of business items such as banking matters, guarantees and intra-Group transactions. It also makes routine approvals relating to employee share plans. Additional authority may be delegated on an *ad hoc* basis, e.g. to approve and conclude corporate transactions.

### Authorities and duties

The authorities and duties of the Board and its Committees, as well as the roles and responsibilities of key individuals on the Board, are clearly set out in writing. These documents are reviewed and approved by the Board on an annual basis and are available on the company's website ([www.pearsonplc.com](http://www.pearsonplc.com)).

# Board activities

## The role and business of the Board

**The Board is deeply engaged in developing and measuring the company's long-term strategy, performance, culture and values. We believe that Board members provide a valuable and varied set of external perspectives and that robust, open debate about significant business issues brings an additional discipline to major decisions.**

The key responsibilities of the Board include:

- Overall leadership of the company and setting the company's values and standards, including monitoring culture and how it has been embedded, performance and engagement
- Reviewing and determining the company's strategy, in consultation with management, assessing performance against the strategy and overseeing management's execution of it
- Supervising major changes to the company's corporate, capital, management and control structures
- Approval of all transactions or financial commitments in excess of the authority limits delegated to the Chief Executive and other Pearson Executive Management
- Oversight of the risk management approach and determining the company's risk appetite (see page 55 for more information on risk management) and monitoring the effectiveness of the company's material controls
- Assessment of management performance, Board and executive succession planning and talent pipeline
- Effective engagement with key stakeholders

## Strategic planning and decision-making

The Board spends time assessing whether any proposed action aligns with the strategy and future direction of the business, while taking into consideration any potential impact on our stakeholders. In addition, the Board regularly holds strategy discussions, whether in relation to the specific strategies of Pearson's five business units or the vision and execution of the wider company strategy as a whole, both of which enhance the Board's decision-making in shaping the company's strategic and financial plans.

The Board and Committees receive timely, regular and necessary financial, management and other information to discharge their duties. Comprehensive papers are circulated to Board and Committee members approximately one week in advance of each meeting.

The Board receives a regular performance dashboard and key milestones report, together with updates from the Chief Executive and Chief Financial Officer. In addition to meeting papers, a library of current and historical corporate information is made available to Directors to support the Board's decision-making process. For items that require significant consideration and review in advance of a decision, the Board's discussions can take place over a number of sessions.

The Directors recognise their duties towards the company's shareholders and other stakeholders as set out in Section 172 of the Companies Act 2006, and a continued understanding of the key issues affecting stakeholders is an integral part of the Board's decision-making process. You can read more on page 89 about how the Board engages with stakeholders and takes their views into account when making decisions.

## Portfolio changes

The Board regularly reviews updates on portfolio and corporate finance activities throughout the year, including regular updates on live transactions (disposals, acquisitions and corporate joint venture activity), outputs of periodic portfolio reviews and reviews of potential pipeline opportunities. These updates can take the form of presenting key summaries of information in Board packs, or oral updates on key matters. These discussions are typically led by management, supported by the Corporate Development team and, where necessary, external advisers, with Board input collated and, where necessary, the Board providing its formal approval. Subsequently, once portfolio transactions have closed, the Board is also kept informed of the integration or transition progress, including post-acquisition reviews conducted to assess transaction success and any learnings to be taken for future projects. In 2025, such portfolio updates included the acquisition of eDynamic Learning, a post-acquisition review of PDRI, as well as a review of potential pipeline opportunities.

## Board meetings

The Board held seven scheduled meetings in 2025, with discussions and debates focusing on the execution of the company's markets, customer and people strategies, as well as other strategic drivers for the company. Major items covered by the Board in 2025 are shown in the table on page 82. In addition to its scheduled meetings, the Board convenes as necessary to consider matters of a time-sensitive nature. In 2025, an additional meeting was held to consider the acquisition of eDynamic Learning.

## Board attendance and contribution

Directors are expected to attend all Board and Committee meetings, but in certain situations, such as pre-existing business or personal commitments or certain unforeseen circumstances, it is recognised that Directors may be unable to attend. In these circumstances, the Directors receive relevant papers and, wherever possible, will communicate any comments and observations in advance of the meeting for raising as appropriate during the meeting. They are updated on any developments after the meeting by the Chair of the Board or Committee, as appropriate.

Individuals' attendance at Board and Committee meetings is considered as part of the formal review of their performance. There was a high level of attendance by the Directors at Board and Committee meetings in 2025, as shown in the table on page 82 and in the Committee reports that follow.

Reflecting on the level and quality of engagement by the Board in 2025, the Board is satisfied that each Director contributed to Board discussions and demonstrated sufficient commitment to be able to meet their responsibilities. In addition, the Nomination & Governance Committee confirmed in its annual assessment that each Director demonstrates the requisite level of commitment and contribution in accordance with Principle H and Provision 18 of the Code.

## Directors' commitments and conflicts of interest

Under the Companies Act 2006, the Directors have a statutory duty to avoid conflicts of interest with the company. The company's Articles of Association allow the Directors to authorise conflicts of interest. The company has an established procedure to identify actual and potential conflicts of interest, including all directorships or other appointments to, or relationships with, companies that are not part of the Pearson Group and which could give rise to actual or potential conflicts of interest.

Additionally, in response to Provision 15 of the UK Corporate Governance Code and the FRC's accompanying guidance, Pearson has developed internal guidance to be taken into account when considering changes to a Director's commitments, or when appointing a new Director, as well as formalising the Board approval process for such matters.

Once notified to the company, any potential conflicts and commitments are considered for authorisation by the Board at its next scheduled meeting or, where necessary in the interests of timeliness, by a committee comprising the Chair, the Deputy Chair and Senior Independent Director, and the Company Secretary. In particular, the Board or committee considers the type of role, expected time commitment and any impact this may have on the Director's duties to Pearson, as well as any relationships between Pearson and the external organisation.

The interested Director is not permitted to vote on, or be

counted in the quorum for, any resolution relating to their proposed commitments, conflict or potential conflict. The Board further reviews any authorisations previously granted on an annual basis. When making new appointments, the Board considers other demands on the proposed Director's time.

The Board believes that the experience gained by Directors through their other commitments brings valuable perspectives to the Pearson Board. During the year, the Board approved the following new commitments:

- On 1 March 2025, Graeme Pitkethly was appointed to the Board of Verisure as Non-Executive Director and Chair of its Audit Committee. When considering this new commitment, the Board assessed any potential conflicts of interest and the time commitment required, noting Verisure's intention to list its shares for trading on a public stock exchange in the near future. Verisure plc subsequently listed on Nasdaq Stockholm on 8 October 2025.
- On 1 May 2025, Sherry Coutu was appointed to the Board of Standard Life plc (previously named Phoenix Group Holdings plc) as Non-Executive Director and member of its Remuneration Committee. She was subsequently appointed as Chair of Standard Life's Remuneration Committee with effect from 1 July 2025. When considering this new commitment, the Board assessed any potential conflicts of interest and the time commitment required.

When considering these new commitments, the Board also took into consideration the requirements under Provision 15 of the UK Corporate Governance Code and the FRC's accompanying guidance. The Board agreed that these new commitments would not have a negative impact on the Directors' roles at Pearson.

Board activities continued

## Board meeting focus 2025

Strategy	Performance	Leadership and people	Governance and risk	Shareholder engagement
<ul style="list-style-type: none"> <li>Oversight of strategy execution, including deep dives on specific strategic initiatives</li> <li>Approval of eDynamic Learning acquisition</li> <li>Consideration and approval of the 2026 annual operating plan and updated long-range plan</li> <li>Considered the adoption of a new 'revenue view' framework</li> <li>M&amp;A pipeline and post-acquisition reviews, including PDRI</li> <li>Pearson's brand update</li> </ul>	<ul style="list-style-type: none"> <li>Approving 2024 preliminary results and annual report and accounts</li> <li>Approving 2025 performance expectations and guidance to the market</li> <li>Approving the 2025 interim results and Q1 and Q3 trading statements</li> <li>Monitoring 2025 operating plan performance</li> <li>Regular dashboard and milestone reports and power metric reviews</li> <li>Continuing review of forecasts</li> <li>Final and interim dividend approvals and other capital allocation considerations, including share buyback</li> </ul>	<ul style="list-style-type: none"> <li>Talent review, pipeline development and succession planning process</li> <li>Culture and how it is embedded across the company</li> <li>Employee engagement sessions with Board</li> <li>Employee engagement survey reviews</li> </ul>	<ul style="list-style-type: none"> <li>Reports on Committees' activities and considerations</li> <li>Legal, regulatory and governance matters</li> <li>Board and Committees' performance review</li> <li>Regular review and annual confirmation of Directors' commitments and/or potential conflicts of interest</li> <li>Annual assessment and re-approval of Committees' terms of reference</li> <li>Risk management report</li> <li>Board learning and development through deepening operational understanding</li> </ul>	<ul style="list-style-type: none"> <li>Investor relations strategy and updates, share price performance and value creation considerations</li> <li>Shareholder issues and voting</li> <li>AGM and related shareholder interactions</li> <li>Feedback from Board member meetings with shareholders</li> <li>Major shareholders and share register analysis</li> </ul>

## Selected key actions and outcomes

- The Board considered and approved various strategic partnership deals throughout the year, including HCLTech, TCS and Cognizant, and developed a framework for the Board's continued oversight of the performance of the strategic partnerships, including service delivery and engagement. The Board requested that cyber risk presentations be embedded into the business unit strategic risk deep dives going forward, in addition to strong existing oversight from the Audit Committee, and that accountability maps and critical capability charts be developed across the strategic growth initiatives for the Board's ongoing insight
- The Board conducted a follow-up review of PDRI following the completion of its acquisition in 2023, and reflected on learnings to incorporate into future M&A activity and ongoing scrutiny by the Board during the post-close period to monitor progress
- As part of the Board's consideration of capital allocation, it approved the launch of a £350m share buyback programme during the year. You can read more about this share buyback programme on page 153
- The Board held an additional meeting to consider and approve the acquisition of eDynamic Learning, and thoroughly considered the strategic rationale and value, market demand, impact of AI, synergies and integration plans to ensure these were robust, clear and achievable. You can read more about the Board's deliberation on this matter and how it considered the impact to the company's stakeholders on page 89
- After each employee engagement session, the Board spent time discussing and sharing employee feedback, particularly around driving organisational simplicity and change management, which was then reflected in the Board's wider discussions and agenda items
- The Board reviewed and adopted new 'revenue view' definitions, standardising classifications for the shape of the company across customer segmentation, business model and innovation, which help to accelerate the end-to-end commercial cycles across the company, improve transparency and organisational accountability, and track progress against our transformational goals and outcomes. These 'revenue view' definitions were then considered across the long-range plan that the Board approved

	Scheduled meetings attended
<b>Chair</b>	
Omid Kordestani	7/7
<b>Executive Directors</b>	
Omar Abbosh	7/7
Sally Johnson	7/7
<b>Non-Executive Directors</b>	
Sherry Coutu CBE	7/7
Alison Dolan	7/7
Alex Hardiman	7/7
Arden Hoffman <sup>1</sup>	4/4
Esther Lee	7/7
Costis Maglaras <sup>2</sup>	1/1
Graeme Pitkethly	7/7
Annette Thomas	7/7
Lincoln Wallen	7/7

1. Arden Hoffman was appointed to the Board on 1 June 2025.

2. Costis Maglaras was appointed to the Board on 1 November 2025.

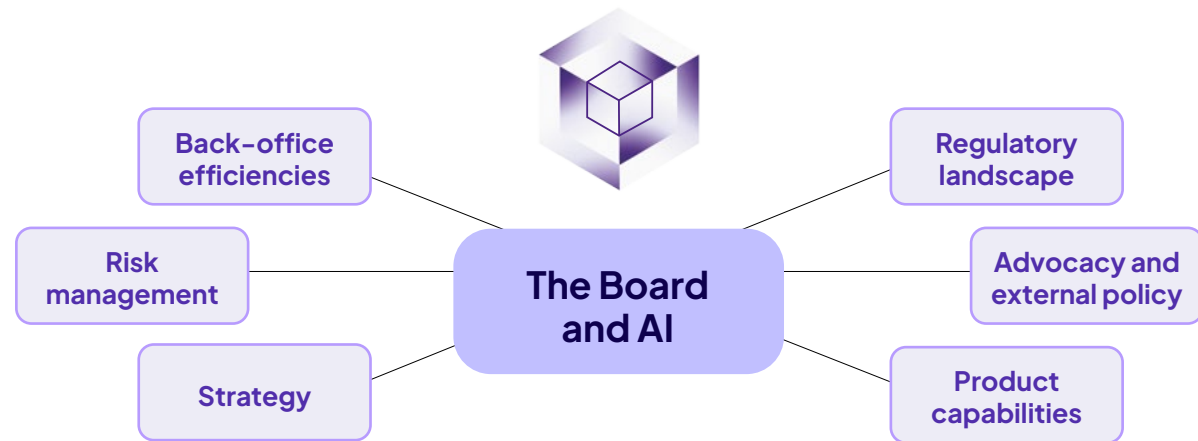
# How the Board is kept informed

The application of our Board and governance processes ensures that our Directors receive accurate, timely and clear information from a range of sources. This allows the Board and Committees to monitor and provide feedback on matters of importance, as well as to make informed decisions in the best interests of the company and its stakeholders.

## The Board's oversight of AI at Pearson

As a digital-first business, Pearson is accelerating its use of AI across the business and using it as a growth driver to improve efficiencies and to enhance learning and assessment services. We expect generative AI to create significant positive opportunities for Pearson, due to our unrivalled depth of content and data.

The rapid advances in AI will continue to be an important driver of growth in education and the workforce over the coming years. The rapid development of increasingly powerful AI models will significantly change the world of work and skills requirements. Employers will need to find new pools of talent and continuously develop and verify the skills of their workforces to keep pace with and benefit from technology and AI advancements. Learners and educators place enormous trust in us, so we have a responsibility to be thoughtful and considered in how we use this technology, while continuing to move at pace to enhance our products with the customer in mind. AI plays an important role across Pearson's product portfolio, more information on which can be found in the Strategic report. With AI skills becoming increasingly important in the job market and helping humans be more productive, the need for AI learning is growing and we are always exploring opportunities to continue to leverage innovative AI technology to drive further efficiencies and cost savings.



During the past year, the Board, the Audit Committee and the Reputation & Responsibility Committee have kept up to date with AI developments both within Pearson, being led by the Pearson Executive Management team, and across the wider landscape, considering both opportunities and implications of the technology for Pearson. Specific activities undertaken by the Board and Committees during the year have included:

- The Board received updates on the implementation of various AI-related strategic initiatives, including the deployment of a shared set of AI tools to enhance content generation, driving efficiency and innovation, and the establishment of a data and AI Centre of Excellence to maximise efficiency and improve end-to-end customer service experience through AI-based solutions
- The Board received an update on the significant progress made in our modernisation activities with AWS, including the infusion of AI and modern architectures into our existing product estate with English Language Learning, Enterprise Learning & Skills, Virtual Learning and Higher Education, and the company's work with the AWS modernisation factory to experiment with various agentic AI capabilities
- June's Board meeting was dedicated to discussing progress with implementing the company's strategy and included consideration of how Pearson will manage the pace of AI, disruptors in the market, and the rate of change required in order to become a leader in AI-first learning experiences
- The Board was updated on the company's new strategic partnerships and how these would help bring AI innovation into our products and applications
- The Board considered a new product operating model which has helped to embed AI strategically into the product roadmap and critically allows us to recruit the right product and engineering talent into the organisation

## How the Board is kept informed *continued*

- In addition, as part of the business unit strategic risk deep dives, the Board discussed:
  - In Assessment & Qualifications, an overview of risks associated with AI and the competitive marketplace, as well as perspectives on the use of AI in that business, including the responsible use of AI to power test content creation
  - In Higher Education, an overview of how Pearson's generative AI capabilities, backed by learning science, were driving content production efficiencies and personalisation of learning experiences
  - In Virtual Learning, an overview of the work to leverage AI for courseware development, study tools and assessment to improve the user experience, as well as programming to enhance our college and career readiness offering
  - In English Language Learning, an assessment of the potential impacts of AI on language learning and the pace of integrating AI into product offerings, including as regards content generation, personalisation and assessment
  - In Enterprise Learning & Skills, an overview of the work to mitigate risks relating to the strategic partnerships, as well as our operations as an awarding organisation
- The Audit Committee considered the risks associated with generative AI and reviewed its status as part of the Group risk review
- The Reputation & Responsibility Committee considered the AI landscape from a regulatory, policy and media perspective, including:
  - An update on the current Responsible AI initiatives at Pearson
  - An update on the significant regulatory and policy focus on this topic, including the EU AI Act, which passed in April 2024, cementing the first comprehensive regulatory scheme for the development and use of AI in the world, and the US state action on passing AI-related laws
  - Noting the advocacy work conducted by the company in this field

You can read more about how we manage AI from a risk perspective on page 59.

## Talent and culture

Ensuring that we have both a talented, engaged workforce that is focused on delivering our strategy and an organisational culture that enables and encourages that delivery is critical to Pearson's success. During the past year, the Board and the Pearson Executive Management team have continued to lead our focus on embedding a culture and environment that is high-performing, and in which our people can leverage their strengths. Pearson's purpose (set out on page 2) is key to developing our culture to support our strategic vision, particularly in driving a culture of performance.

The Board has a particular focus on embedding our desired culture, with the current and future leaders of Pearson being essential to the successful realisation of our purpose and culture of performance. Our strategic priorities are underpinned by our commitment to provide a vibrant work environment, unparalleled career opportunities, open communication and tailored feedback, exceptional leadership and a clear definition of success for our employees.

One of our key objectives for 2025 was to energise our people on the evolution of Pearson through strong execution of our people-related changes. During 2025, we have embedded key, impactful initiatives at pace, to develop our teams and build a high-performance culture.

During the year, the Board received updates on the progress of these initiatives, aimed at aligning our talent strategy with our strategic objectives. These updates covered the roll-out of defined core essential behaviours and the Pearson Promise, which have been embedded further into the core DNA of Pearson during 2025. The Board was updated on the launch of a modern career architecture framework, based on opening up clear career pathways, simplified role criteria and globally consistent promotion processes, and a new performance cycle with updated evaluation criteria to continue to embed our high-performance culture. Following on from the launch of the 'Leadership Uplift' programme in 2024, we implemented 360° feedback for senior leaders and introduced talent talks, where the Chief Executive and Chief Human Resources Officer review the shape of the organisation, its culture, top talent and succession pipeline with each member of the Pearson Executive Management team. The Board has been attentive to our talent pipeline for leadership.

During Board and Committee meetings, the Non-Executive Directors regularly seek to understand how our people are experiencing and responding to key initiatives, particularly in times of significant change, and ensure that employee perspectives are considered as we navigate evolving priorities.

The Board also reviewed the Pearson Executive Management team's leadership profiles, which provide a deeper understanding of the Pearson Executive Management team's strengths and potential, in order to ensure that we place the right talent in critical roles and build a leadership pipeline capable of driving sustainable growth, fostering innovation and delivering on our strategic priorities.

The Board monitors culture and organisational health, together with its Committees, and receives updates on how this is being embedded within the business. The Board monitors other Group-wide initiatives that underpin our culture, including employee engagement, the Code of Ethics programme, compliance, health and safety and talent attraction and retention (see table on page 85 for further information).

During the year, the Board also conducted a review of the results of Pearson's employee engagement survey, to discuss the key themes and indicators.

The Chief Human Resources Officer is a standing attendee at the Remuneration and Nomination & Governance Committees. Their attendance and contributions, together with the Board's own direct engagement with the workforce, ensure that our Directors are attuned to our culture and employee-related considerations through multiple lenses, including in strategic decision-making, and in conducting their business more broadly. Read more on page 89.

The Board is satisfied that the company's desired culture is sufficiently embedded throughout the organisation and is aligned with our purpose, values and strategy to promote the long-term success of the company for the benefit of our stakeholders.

Cultural indicator	How it is overseen	Board-level responsibility
<b>Employee engagement</b>	The Board ensures engagement through multiple channels, including the employee engagement survey, town hall sessions and in-person engagement events, such as listening sessions with employees in Boston, Massachusetts, London and Hoboken, New Jersey. Read more on page 87.	Board
<b>Code of Ethics and training</b>	The Audit Committee is briefed on our annual Code of Ethics programme, including development of the Code, completion rates, training and certification methods. Certification of the Code is mandatory and we achieved a 100% employee completion rate for 2025. We also have mandatory training for all employees on cyber security and data privacy, with targeted training on other key topics for employees in certain roles, business units or geographies.	Audit
<b>Compliance, including whistleblowing and investigations</b>	The Associate General Counsel – Employment, Ethics & Compliance reports to the Audit Committee at every meeting on new and ongoing investigations, including matters raised through our SpeakUp process. The Audit Committee considers the programme's effectiveness annually, including periodic peer benchmarking. The Audit Committee Chair ensures the Board has visibility on matters of note. The Board is free to request further information to support its oversight.	Audit
<b>Internal audit</b>	Insights into matters driven by or impacting our culture and cultural behaviours are provided to the Audit Committee where necessary by Internal Audit as part of the findings and recommendations in its reports.	Audit
<b>Health and safety (H&amp;S)</b>	The Reputation & Responsibility Committee receives an annual H&S report, so Directors can monitor the key strands of our H&S framework, including oversight of how Pearson is enabled through awareness, competency, resources and guidance to allow for agile and effective management of H&S risk, while also receiving comfort that we have controls for compliance and assurance purposes.	Reputation & Responsibility
<b>Remuneration practices and rewarding the workforce</b>	The Remuneration Committee monitors the wider Employee Reward framework, including incentive target setting for Group plans, fair pay analysis, Chief Executive pay ratios and alignment of Directors' pension contributions to the workforce. This suite of activity provides insights into the roles that remuneration and setting performance goals play in promoting the right behaviours, particularly in driving a culture of performance, and how incentives and rewards align with culture.	Remuneration
<b>Talent attraction and retention</b>	The Chief Human Resources Officer regularly updates the Remuneration Committee on talent considerations, including trends on recruitment, retention and staff turnover. Talent attraction and retention plays into our ability to execute our strategy, so it is considered in strategic discussions by the Board and Pearson Executive Management team. Recognising the importance of our people, Talent is a sub-category of our Capability principal risk. Read more about our risk management approach starting on page 55.	Remuneration

## Sustainability

Pearson has a strong governance structure through which the Board and its Committees monitor and oversee the company's Learning for Impact framework, which you can read more about on page 32. The Committees work together to support the Board in overseeing sustainability at Pearson:

- The Reputation & Responsibility Committee leads the Board's oversight of sustainability matters and oversees the sustainability strategy, including targets and public commitments, monitoring progress towards targets linked to the products, people and planet pillars, as well as the sustainability regulatory landscape and the company's external reporting

- The Remuneration Committee considers performance against sustainability metrics to support remuneration decisions with certain in-flight remuneration frameworks, where appropriate
- The Nomination & Governance Committee ensures the requisite strength of sustainability expertise on the Board and oversees the corporate governance elements of sustainability

You can read more on the sustainability matters covered during 2025 throughout this Governance report, in particular in the Reputation & Responsibility Committee's report on pages 99-101.

# Understanding our stakeholders

**A strong understanding of all our stakeholders and their perspectives is integral to our strategic planning and operational delivery. Our Board strategy sessions are informed by the views and needs of our eight stakeholder groups: shareholders, educational institutions and educators, employers, business partners, learners, governments and regulators, communities and civil society, and employees.**

## Engagement in 2025

Throughout the year, the Board ensured that it was kept informed of stakeholder views, concerns and commentary through a variety of engagement methods. These included in-person and virtual meetings, reports and presentations at Board or Committee meetings, feedback from members of the Pearson Executive Management team and other employee groups, and interactions with different functions, teams and advisers, both inside and outside Pearson.

A key factor in any decision-making is listening to and considering the interests of stakeholders. We have set out below examples of the key employee and shareholder engagement activities undertaken by the Board and by individual Directors over 2025.

## Shareholders

Shareholders are a key consideration in the Board's decision-making. We have continued our focus on driving shareholder engagement through in-person and virtual meetings and events.

The Board is committed to fostering shareholder engagement and recognises that AGMs represent an opportunity for shareholders to interact with the Board and share their views, concerns and feedback. We will again be holding a hybrid AGM in 2026 and look forward to welcoming our shareholders either in person or virtually. Further details will be shared in our notice of the 2026 AGM.

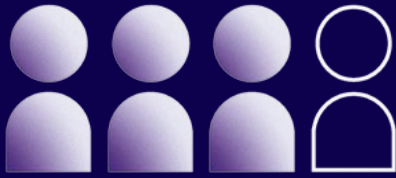
The Board ensured a continued shareholder dialogue throughout the year. During the year, Sherry Coutu, Chair of the Remuneration Committee, and Omid Kordestani, Board Chair, consulted with our largest shareholders ahead of the renewal of the Directors' Remuneration Policy at the 2026 AGM, in addition to a wider engagement exercise undertaken on such matters in early 2026. More information on this process can be found in the Directors' Remuneration Report starting on page 117.

The Board also receives updates and analysis on shareholder sentiment from Pearson's corporate brokers, as part of a regular investor relations update and when considering certain corporate matters.



As required by the UK Corporate Governance Code, the Board ensures Pearson engages effectively with, and encourages participation from, its key stakeholders. The Board maintains its oversight through a variety of direct and indirect mechanisms, and the Reputation & Responsibility Committee monitors our reputation across the range of our stakeholders.

The Board recognises that stakeholder views are integral to decision-making and setting the company's strategy. More information on Pearson's key stakeholders, including the outcomes of our engagement throughout 2025, is in the Strategic report on pages 17-21. Further information on how the Directors discharge their duties under Section 172 of the Companies Act 2006 is on page 22.



## Shareholder engagement at a glance

Over 2025, our Chief Executive, Chief Financial Officer and Business Unit Presidents, as well as our Investor Relations team, participated in meetings with both current and prospective investors and sell-side analysts. We held engagements across investor conferences, roadshows, salesforce teach-ins and investor events across the world. We also met with the UK Shareholders' Association, a retail shareholder representative body.

We held our fourth hybrid AGM in 2025 with shareholders able to attend either in person or virtually to vote and ask questions of the Board.

During the year our Board Chair and Remuneration Committee Chair engaged with shareholders and shareholder representative bodies to consult on our updated Directors' Remuneration Policy ahead of the 2026 AGM.

**218**  
meetings

with  
**c.200**  
institutions

On remuneration,  
engaged with top

**c.100**  
shareholders

**c.85%**  
of share register

## Employees

The Board recognises that our employees are one of our most important assets and are integral to our business and is committed to continuing to ensure they inform the Board's decision-making. Examples of how the Board engaged with employees in 2025 to ensure that they are listened to, supported and rewarded, are shown on this page.

## Board and employee engagement

The central role of the Board is to support and oversee Pearson's long-term strategy. As part of that, it is vital that the Board engages with employees, to strengthen the employee voice in the boardroom and enable the Board to hear first-hand the employees' perspectives on Pearson's strategy, performance and culture.

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 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 importance of company culture, Pearson's opportunities and challenges, and the execution of our strategic priorities to continually improve our offering to customers.

These events were received very positively by employees, and the Board spent time after each session discussing what they had heard from employees.

Looking ahead, the Board intends to hold similar in-person and structured sessions in 2026 to ensure we continue to be authentic and representative of our entire employee base. The Board is also invited to join a number of Pearson Executive Management sponsored events with each business unit in 2026, including Higher Education's Digital Learning Summit and EdTech Symposium and English Language Learning's Annual Franchisee meeting.

## Town halls

Throughout 2025, the Chief Executive, Chief Financial Officer and the Pearson Executive Management team held in-person and virtual town hall meetings at significant points in the year. Pearson employees were invited to attend and given the opportunity to ask questions.

## Surveys

During 2025, we conducted our annual Pearson employee engagement survey. We heard from c.13,800 employees, with an overall response rate of 87% compared with 88% in 2024. The Board received a detailed update on the survey results, including additional insights on opportunities to increase engagement. Further information on the outcomes of the Pearson employee engagement survey is on page 41.



We were able to have an open and honest conversation with the Board and discuss our excitement over the pace of change required to accelerate growth. The Board were very engaged in how we do this together, which made it an incredibly stimulating discussion."

**Kim England**

Lead, Internal Communications

(Attended the London engagement event)

Understanding our stakeholders continued



Pearson

“

The Board members were very interested in our employees' experiences and how we are navigating this incredibly unique time at the intersection of AI and learning. I appreciated their deep interest in how we are executing Pearson's strategy at the ground level.”

**Vicky Guo**

Head of Ventures

(Attended the Boston engagement event)

“

The Board engagement session offered invaluable insight into the priorities and perspectives of those steering the company at the highest level. It was energising to see how closely aligned the Board is with the issues that matter most to us as employees – especially around our people and culture journey.”

**James Caddy**

Executive Partner, Finance

(Attended the London engagement event)

“

This event was an inspiring opportunity to engage with the Board and hear their perspectives on our business's ambitions to better serve learners. Offering a direct forum like this with employees reflects Pearson's commitment to honest dialogue across the organisation to understand key priorities and how we best achieve them.”

**Brendan Reilly**

Manager, Corporate Development

(Attended the Hoboken engagement event)

# Our Board's decision-making in action

This case study should be read in conjunction with the Directors' duties statement on page 22.

During the year, the Board approved the acquisition of eDynamic Learning, a leading Career and Technical Education curriculum solutions provider. eDynamic Learning's comprehensive catalogue of digital courses enables students to follow structured learning pathway programmes that prepare them for their future careers. This acquisition aligns to Pearson's strategy, enabling the company to scale its position in the fast-growing Early Careers space and quickly broaden its capabilities in career-readiness solutions.

When considering this acquisition, the Board received detailed reports from management setting out the strategic rationale, anticipated synergy opportunities, due diligence findings, valuation, stakeholder considerations and risks. The Board paid particular attention to assessing the strategic rationale and valuation, the potential impact of AI on eDynamic and the associated plans to integrate the business into Pearson, to ensure these were robust, clear and achievable. In addition, the Board considered how the acquisition could accelerate the company's strategy and create value for Pearson's stakeholders.

This case study on the Board's consideration of the eDynamic Learning acquisition illustrates how the Directors considered the various aspects of their statutory duties when considering and approving the acquisition, and the implications for stakeholders.

## Shareholders

In considering the acquisition, the Board paid particular attention to, among other factors, commercial and sales synergies, the potential financial returns on investment, risks and value creation opportunities, the structure of the transaction, and whether the commercial terms of the acquisition were in the interests of Pearson's shareholders as a whole. The Directors agreed that eDynamic Learning had an attractive financial profile with strong margins and cash flow conversion, and a track record of delivering growth. In the Board's view, eDynamic Learning's established product portfolio, proprietary content and customer base offers broader strategic benefits for Pearson, and enables Pearson an accelerated timeline to broaden and strengthen its capabilities in career-readiness solutions, during a time of rapid sector growth.

## Learners

In considering the acquisition, the Board was focused on ensuring that the learner was front of mind and that the acquisition was aligned with our strategic objectives, our purpose and our commitment to creating vibrant and enriching learning experiences designed for real-life impact. eDynamic Learning's content development engine strengthens key capabilities in our offerings and provides learners with a more complete suite of solutions that spans the learning continuum: career exploration, learning and certification – helping to bridge the gap between education and employment.

In the Board's view, this acquisition provides Pearson and learners with immediate access to high-quality, in-demand content, broadens our capabilities to serve learners, and allows us to quickly deliver comprehensive career-readiness solutions and advance learning in this important area. It positions Pearson as a leader in career-readiness education, providing further value for learners in a high-demand area.

## Communities and civil society

eDynamic Learning presents a significant opportunity to reach more learners as they make the transition from education to work, and to improve career-aligned education in K-12 and higher education in the US. Integrating eDynamic Learning's content into Pearson's broader portfolio enhances Pearson's offering and provides opportunities to reach new customers and expand further into professional development and workforce training. The Board agreed that this acquisition could significantly benefit learners both in education and in the workforce and help bridge the gap between exiting full-time education and entering employment.

## Employees

The Board considered the integration of people and talent as part of the acquisition, noting it was important to ensure the retention of the skill set of eDynamic Learning's employees and preserve their entrepreneurial spirit. The Board noted the intention to co-create and co-own the integration plan with the eDynamic Learning team, which would ensure that any strain of integration on the eDynamic team was minimised while also ensuring that they were appropriately incentivised for growth.

## Employers

At a moment when technology is developing faster than human skills, employers tell us they have an urgent need for career-ready workers. The Board noted that eDynamic Learning's solutions would be a strong addition to Pearson's offerings in the Early Careers space and help us better support employers by equipping more learners with the skills they need to enter the workforce.

# Directors' induction



**Costis  
Maglaras**

**Arden  
Hoffman**

On joining the Board, each Director completes a bespoke induction programme that is guided by the Chair or Deputy Chair and Senior Independent Director, supported by the Company Secretary, and overseen by the Nomination & Governance Committee. Every programme builds on the particular skill set, attributes and background of the joining Director, their interests in Board or Committee roles, and the company's recommendations.

In addition to background information on the company, every induction covers a range of topics, including Board procedures, recent operational performance and strategic direction of the company, purpose and values, key areas of the business, as well as directors' duties and responsibilities. The Directors also receive a comprehensive introduction to the activities of each of the Board's Committees, including their objectives and priorities, and cover various governance-related issues and their legal obligations, including procedures for dealing in Pearson shares.

A newly appointed Director will have met some, if not all, fellow Board members as part of the original search and appointment process, but additional meetings may nevertheless occur with the same Board members as part of a rich and thorough induction.

Arden Hoffman joined the Board as Non-Executive Director on 1 June 2025 and Costis Maglaras joined the Board as Non-Executive Director on 1 November 2025. As part of their onboarding arrangements, they each received comprehensive and engaging induction programmes that included a series of meetings with key colleagues and advisers. In addition to sessions with the Chair, Chief Executive and Chief Financial Officer, they met with each member of the Pearson Executive Management team, key representatives of our corporate functions and our brokers. The induction programmes also included one-to-one meetings with each of their fellow Non-Executive Directors and a comprehensive introduction to the activities of each of the Board's Committees, including their objectives and priorities. They also held meetings with the company's legal advisers to discuss directors' duties, corporate governance and external reporting, among other topics. The inductions also afforded the new Board members the opportunity to engage in deeper dives in areas of particular interest. In the lead-up to his appointment, Costis also attended certain strategy-focused sessions with the Board.

## Typical Board induction programme

Induction programme participants	Meeting purpose
Chair, Deputy Chair and Senior Independent Director	Introductory meetings to cover the company's governance structure, the Board's priority areas and ways of working, meeting cadence and ongoing matters considered by the Board.
Chairs and members of the Board's Committees	Overview of the responsibilities and composition of the Board's Committees, their governance, regular attendees and advisers.
Executive Directors; Business Unit Presidents	Overview of the strategic priorities of the company and each business unit, key performance indicators, financial performance and projections, and competitive landscape.
Heads of corporate functions	Introductions with leadership team members, covering an overview of their business area(s), subject matter expertise, organisational structure, company culture and values.
Company Secretary; legal advisers	Induction planning, governance framework, Board and Committee matters, duties and responsibilities of a company director, the company's policies and procedures, and other legal and regulatory considerations.

# Board performance review

## The Board employs a variety of methodologies for performance reviews to ensure the most effective results.

Following an externally facilitated review in 2023, conducted by Manchester Square Partners, and an internally facilitated review in 2024, led by the Deputy Chair and Senior Independent Director, the 2025 review was again internally facilitated.

### Typical performance review methodologies

Methodology	Last undertaken
Questionnaire, tailored to specific needs of the business	2025
Internally facilitated interviews, led by the Chair, Deputy Chair and Senior Independent Director, and/or Company Secretary as appropriate	2024
In-depth evaluation, externally facilitated	2023

## Approach and methodology

The 2025 performance review was carried out by way of a tailored questionnaire which focused on matters that are relevant to Pearson in particular, as well as those items laid down in the Code and associated guidance, including:

- Articulation and implementation of purpose and strategy
- The effectiveness of the organisation and dynamics of the Board, including composition, leadership, agendas, meeting cadence, quality of information provided, governance and decision-making
- Relationships between the Board and senior leaders, and between members of the Board itself, including the remits of and interaction among the respective Committees and with the Board
- Succession planning and talent pipeline for Executive Directors and other senior leaders
- Understanding of risks facing the company, including likelihood and mitigation
- Understanding of stakeholder views, products and markets
- The Board's monitoring of organisational culture, behaviours and employee sentiment

The full Board reviewed the findings from the performance review at its meeting in February 2026. In reporting back to the Board, it was noted that the feedback was positive, with unanimous agreement that the Board operates effectively. The Board will develop an action plan to address areas of focus, and the Nomination & Governance Committee will monitor progress during the year.

## Board performance review process

- ▼ The format of the review was agreed by the Nomination & Governance Committee
- ▼ The scope of the review was finalised by the Chair with support from the Company Secretary
- ▼ The Directors completed a tailored questionnaire on a confidential and unattributable basis
- ▼ The output of the performance review was captured in a report to the Board in February 2026, with the Board then discussing the points raised by the review
- ▼ Progress on the findings of the performance review will be monitored by the Nomination & Governance Committee throughout 2026

## Board performance review *continued*

### Key findings

- Directors are highly engaged, with a good balance of relevant and recent experience. The Board further acknowledged the open and collaborative atmosphere at Board meetings, which encourages constructive challenge and collaborative decision-making
- The Board acknowledged its confidence in the Chief Executive's execution capability and the quality of his relationship with the Board. Directors noted the positive alignment between the Board and management and the effective mechanisms in place for engagement between employees and the Board
- The Board noted the success of the Chief Executive transition in 2023/24, supporting the development and roll-out of the company's strategy, together with the Board's continued oversight and constructive challenge on strategic implementation and material decisions
- Directors noted the effective leadership of the Board's Committees which also fostered strong discussions and outcomes at the Board

There was unanimous agreement that the Chair leads the Board in an effective manner, fulfilling Principle F of the Code. The Directors agreed that Mr Kordestani has a distinctive and thoughtful style, promotes open discussion that leverages the Board's collective expertise and ensures the Board is focused on the most critical and value-creating topics. The Directors further noted their appreciation of the relationship between Mr Kordestani and the Chief Executive. This, in turn, supports the Non-Executive Directors in fulfilling the requirements of Principle H of the Code in providing constructive challenge and strategic guidance, offering specialist advice and holding management to account.

The main areas identified by the Board for particular focus during 2026 were:

- Continued attention to succession planning and talent pipeline at Pearson Executive Management level
- Ongoing focus on strategic execution, capital allocation and strategic partnerships
- Additional attention to deeper market analysis, including competitive positioning and market trends
- Continued focus on AI developments across the entire business and oversight of product development progress
- Ongoing oversight of risk management practices and risk control, with particular focus on cyber risks, business continuity planning and crisis management
- Continued attention to Board composition and succession planning

In addition to the annual performance review exercise, the Chair meets regularly with the Non-Executive Directors and these sessions include reciprocal feedback on the functioning of the Board.

### Individual performance reviews

In addition to the performance review of the Board as a whole, Executive Directors are evaluated each year on their overall performance against goals agreed by the Board, and in respect of strategic measures under the company's annual incentive plan. These goals are linked to the key financial and strategic objectives of the company. Progress against each of these metrics is reviewed by the Board on a regular basis, as part of a dashboard of financial and strategic performance measures.

The Chair engages with individual Non-Executive Directors on their performance and contributions, and encourages open channels of communication with Directors on an ongoing basis. In the Board's opinion, these ongoing lines of communication, combined with a Group-wide culture which allows and encourages feedback at any time, provide the most effective means for review of performance. In assessing the contribution of each Non-Executive Director, the Chair, with the support of the Nomination & Governance Committee, has confirmed that each continues to make a strong contribution to the business and deliberations of the Board. The Non-Executive Directors also conduct an annual review of the Chair's performance, with the Deputy Chair and Senior Independent Director leading this review and providing feedback to the Chair, and an annual review of the Deputy Chair and Senior Independent Director's performance, which is led by the Chair.

### Committee performance reviews

All Committees undertake a review of their performance and effectiveness on an annual basis. For 2025, Committee members and other key contributors to the Committees were invited to provide their views by way of questionnaires tailored to the specific remit of each Committee.

The findings from this process were considered by each Committee at their December 2025 meetings. The Committees were considered by their members to be working well. Read more in the Committee reports on the pages that follow.

## Progress on findings of previous performance review

A number of actions were taken during the year in response to findings from the 2024 performance review, as set out below. The Board has confirmed that these items were addressed to its satisfaction, with recommendations having been put into practice or a clear action plan identified for each to be taken forward in 2026.

Finding or focus area	Response or action taken
Continued focus on open and honest reflections and candid conversations at Board level, to ensure that the Board is consistently providing constructive challenge, airing the right issues at the right time.	Management and the Board maintained an open and transparent dialogue throughout the year, both during and outside Board meetings, with management regularly inviting challenge and advice. The 2025 performance review confirmed that this open dialogue has been maintained and that the Board's decision-making process is strong and collaborative.
Ongoing focus on applying customer, product and competitor lenses to Board discussions, and ensuring that key themes of technology and AI are consistently discussed.	At the Board meeting in June 2025, which focused on the company's strategy, the Board received a number of insights from customers and stakeholders, reflecting extensive interview research, as well as a review of Pearson's competitive landscape and business context. This included, and other Board discussions regularly include, insights on the impact of technology on Pearson and the industry and how the company is responding. In support of this ongoing focus, Board members will be given further opportunities to participate in management-led sessions on these subjects going forward.  The strategic risk deep dives presented by the business units to the Board throughout the year included the impact of technology and AI in particular, as well as cyber security risks.
Continued development of M&A radar scanning for the Board to ensure a clear, long-term view of inorganic growth opportunities.	Building on the strategic review process in 2024, as part of the Board meeting focused on strategy in June 2025 management presented to the Board on inorganic priorities and mapping to growth plans, together with a pipeline of potential targets, in support of the company's inorganic strategic rationale. Management and the Board will continue to give this due focus in 2026.
Continued attention to succession planning and talent pipeline at Pearson Executive Management level.	Management emphasised their focus on succession planning and talent pipeline during 2025, reporting to the Board on the implementation of talent talks, where the Chief Executive and Chief Human Resources Officer reviewed the shape of the organisation, its culture, top talent and the succession pipeline with each member of the Pearson Executive Management team. The Board was provided with an in-depth update on this work at the December 2025 Board meeting.
When considering future Non-Executive Director appointments, the Board should be mindful of succession planning for the Remuneration and Audit Committees, in preparation for the anticipated end of Sherry Coutu and Graeme Pitkethly's Board service in 2028.	The Board ensured that appropriate staffing of the Remuneration and Audit Committees formed part of the Non-Executive Director succession planning pursued in 2025, through the appointment of Arden Hoffman in June 2025, who has skills and experience that are strongly complementary to the Remuneration and Reputation & Responsibility Committees, and the appointment of Costis Maglaras on 1 November 2025, who has succeeded Lincoln Wallen on the Audit and Reputation & Responsibility Committees.  The Nomination & Governance Committee will continue to give due consideration to succession planning for upcoming Board retirements.
Monitor the refresh of the company's strategic goals and KPIs as a result of the strategic review process and how these are embedded and reported by the company.	In January 2025, the Board was provided with an update on the proposed evolution of the company's strategic KPIs, with the proposed focus on particular 'power metrics' to track strategic progress more effectively, in addition to more granular KPIs and analytics. Those power metrics were then launched publicly at the company's Preliminary Results presentation in February 2025 and the regular performance dashboard provided to the Board was also updated to reflect the new power metrics.  The Board also receives regular updates, through a combination of a regular dashboard and deeper dives, on the ongoing implementation of the strategic initiatives identified from the strategic review process.

# Nomination & Governance Committee report



**Omid Kordestani**  
Chair

## Principal Committee responsibilities

### Appointments

Identifying and nominating candidates for Board vacancies.

### Balance

Ensuring that the Board and its Committees have the appropriate balance of skills, experience, independence and knowledge to operate effectively.

### Succession

Reviewing the company's leadership needs with a view to ensuring the continued ability of the organisation to compete in the marketplace.

### Governance

Reviewing and overseeing Pearson's corporate governance framework, Board performance review and training plans, and the Board Diversity Policy.

### Terms of reference

The Committee has written terms of reference which clearly set out its authority and duties. These are reviewed annually and can be found on our website ([plc.pearson.com](https://plc.pearson.com)).

## Committee members and attendance

Attendance by Directors at scheduled Nomination & Governance Committee meetings throughout 2025:

Committee members	Meetings attended
Sherry Coutu CBE	2/2
Omid Kordestani	2/2
Esther Lee <sup>1</sup>	1/2
Graeme Pitkethly	2/2
Annette Thomas	2/2

1. Esther Lee was unable to attend the meeting held in February 2025 due to a pre-existing commitment. She reviewed the papers and provided her perspectives to the Committee Chair outside the meeting.

## Role and composition of the Committee

The Committee monitors the composition and balance of the Board and of its Committees, identifying and recommending to the Board the appointment of new Directors and/or Committee members. The Committee has oversight of the company's compliance with, and approach to, all applicable regulation and guidance related to corporate governance matters. The Committee is also available to support the Board as needed in relation to talent and succession plans for senior roles.

The Committee currently has five members, including me as Chair. The Chief Executive, Chief Financial Officer and other senior management, including the Chief Human Resources Officer, attend Committee meetings by invitation.

As Committee Chair, I am available to engage with any shareholders who would like to discuss the work of the Committee and look forward to taking any shareholder questions at our forthcoming AGM in May 2026.

## Board succession planning, skills and expertise

A key element of the Committee's remit is to lead the process for Board appointments in line with appropriate succession plans. The matter of Chief Executive succession is a regular item for discussion and is reviewed by the Board on an annual basis. The company also has contingency plans in place for the temporary absence of the Chief Executive for health or other reasons. Succession planning for the Board as a whole is considered at least annually by the full Board, and on an ongoing basis by the Committee.

The Committee has defined a set of specific criteria for potential new Non-Executive Directors, in particular giving consideration to the skills, experience, knowledge and aptitude required in any candidates. Pearson expects all Non-Executive Directors to demonstrate the highest level of integrity and credibility, independence of judgement, maturity, collegiality and also a commitment to devote the necessary time to the company's business.

As part of the Committee's regular succession planning activity, all Board members are asked periodically to complete a self-assessment of the skills and experience which they believe they each bring to the Board. The assessment focuses on those categories of skills and experience which are relevant to Pearson's strategy, business model and particular organisational characteristics. When mapped against expected retirement dates, the assessment helps the Committee to identify the areas where it may need to focus any future search activity.

The results of the most recent assessment (shown on page 97) demonstrate that Pearson has a strong spread of skills across all areas identified as being of particular importance.

## Board search processes and appointments

The Committee has been very active over the past year in relation to Board search activity, conducting search processes resulting in the appointment of two new independent Non-Executive Directors, Arden Hoffman and Costis Maglaras.

Before commencing the Non-Executive Director search process, the Committee considered the recent and anticipated Board retirements and the impact of these on the overall skills and expertise on the Board. These were mapped against the key areas of strategic importance to the business to ensure our Board has the appropriate balance of skills and experience to deliver our strategy, while also taking diversity considerations into account. The Committee agreed that it was particularly interested to identify two candidates who would collectively bring a combination of skills and expertise in the following areas:

- A senior executive with operating experience at scale and in a company or sector with insight into how enterprise customers would benefit from Pearson's products and solutions
- An active or recently retired executive leader of a publicly traded company and a track record of success leading a company at scale and with a global footprint commensurate to Pearson's
- Proven experience developing innovative products and/or driving digital business transformation through the development of game-changing, customer-centric strategies
- A strong understanding of the latest advancements in AI, machine learning and relevant emerging technologies to ensure the organisation remains at the forefront of innovation

Taking into account the agreed specification, the Committee engaged Spencer Stuart to undertake a search process for new Non-Executive Directors, who ensured that the search process had due regard to our regulatory obligations and Provision 23 of the UK Corporate Governance Code. As Committee Chair, I worked closely with Spencer Stuart to develop the candidate lists, with the Committee then considering the candidate profiles in detail, including their current commitments, skills and previous experience. I met with all shortlisted candidates and provided my feedback to the Committee. A number of other Board members met with the preferred candidates, following which the Committee made its recommendation to the Board.

The search processes culminated in the appointments of Arden Hoffman and Costis Maglaras as Non-Executive Directors with effect from 1 June 2025 and 1 November 2025 respectively. You can read about their induction on page 90.

Both Arden and Costis's expertise will prove invaluable as Pearson continues to execute against its strategy and will further enhance the skill set of our Board. Both will seek election at the 2026 AGM, being the first AGM following their appointment.

In addition to the Non-Executive Director search process, Spencer Stuart also undertakes broader executive search activity for the Group and is a signatory to the Voluntary Code of Conduct for Executive Search Firms. Spencer Stuart has no connection with Pearson or members of the Board beyond its expertise in board and executive search.

Nomination & Governance Committee report *continued*

## Executive succession planning

Succession planning for key positions at Pearson Executive Management level is primarily overseen by the full Board, with support from the Committee. The Pearson Executive Management team has a key role to play in our strategic planning process, in the ongoing development of our talent pipeline and in fostering the culture and values required to continue to deliver on our strategy. In December 2025 the Board conducted a review of talent and succession planning. The Board considered each Pearson Executive Management role in some detail and discussed the leadership performance and any development opportunities for those in post, looking also at the immediate and longer-term succession pipeline for each Pearson Executive Management position.

## The revised UK Corporate Governance Code

The revised UK Corporate Governance Code 2024 applied to Pearson from the 2025 financial year, with the exception of the revisions to Provision 29 which will apply from the 2026 financial year. The Committee oversees the company's compliance with the UK Corporate Governance Code and reviews a status tracker to enable it to consider the appropriateness and maturity of various elements of our governance framework and to monitor any areas of qualified or non-compliance. Learn more about Pearson's compliance with the 2024 Code on page 71.

The most significant changes to the Code, set out in Section 4 of the Code, relate to audit, risk and internal control matters and therefore the response to these elements is being overseen by the Audit Committee – more information on this can be found on page 110.

## Other areas of focus during 2025

Other areas of focus for the Committee during the year included: oversight of the composition of the Board's Committees, assessment of the independence of Lincoln Wallen prior to making a recommendation for his re-election at the 2025 AGM (recognising his length of service on the Board), oversight of the approach to the Board's annual performance review, oversight of the induction process for our two new Non-Executive Directors, and the annual review of the contribution of each Director to the Board.

## Committee performance review

The Committee undertakes an annual process to review its performance and effectiveness. For 2025, feedback relating to the Committee was sought from Directors by way of a tailored questionnaire. Topics covered included the effectiveness and dynamics of the Committee, oversight of key areas within the Committee's remit, the quality of papers and meeting discussions, and the relationships between the Committee and management.

The findings of the 2025 review indicated that the Committee is considered to be working well with appropriate agendas, papers produced to a good standard and high-quality discussions, noting Board composition and succession planning as a particular area of focus for the Committee.

You can read about the Board performance review on page 91.

## Committee aims for 2026

The Committee's priorities for the coming year will be to commence a Non-Executive Director search process to prepare for upcoming retirements from the Board and to plan and oversee the next externally-facilitated Board performance review.

### Omid Kordestani

Chair of Nomination & Governance Committee

## Skills matrix

This matrix represents the Directors with skills or experience in areas that are relevant to Pearson's strategy, business model and organisational characteristics. Directors have assessed themselves against each theme and, for those which they bring to the Board, have identified whether they believe each to be one of their core or supplemental capabilities.

	Omar Abbosh	Sherry Coutu CBE	Alison Dolan	Alex Hardiman	Arden Hoffman	Sally Johnson	Omid Kordestani	Esther Lee	Costis Maglaras	Graeme Pitkethly	Annette Thomas
<b>Operating context and future trends</b>											
Technology (cloud, infrastructure, product, engineering, AI, cybersecurity)	●	●	●	●	●	●	●	●	●	●	
Enterprise skilling and workforce transformation	●	●	●	●	●	●		●	●	●	●
Education and learning	●	●	●	●	●	●	●		●	●	●
Government and policy	●	●	●	●	●		●		●	●	●
<b>Challenging and supporting management in shaping strategy</b>											
Branding and marketing	●	●	●	●	●		●	●	●	●	●
Global markets, scale and complexity	●	●	●	●	●	●	●	●	●	●	●
Corporate strategy (value creation, M&A, capital markets, sustainability)	●	●	●	●	●	●	●	●	●	●	●
Current and/or prior CEO experience	●	●	●		●		●		●	●	●
<b>Good company governance</b>											
Accounting, finance and controls	●	●	●	●		●	●	●		●	●
People and remuneration	●	●	●	●	●	●	●	●	●	●	●
Listed company governance and regulation		●	●		●	●	●	●		●	

● Core skill – one of the strongest areas of the Director's skill and expertise. Their knowledge or experience of this area brings considerable value to Board discussions.

● Supplemental skill – an area where the Director is competent or has experience, but is not one of the primary skills or attributes they bring to the Board.

Nomination & Governance Committee report *continued***A representative Board**

The Board notes the UK Corporate Governance Code's underlying principles with regard to Board balance and its principle of promoting diversity, inclusion and equal opportunity. Research indicates that high-performing boards provide an increased competitive advantage and wider perspectives, while the needs for greater inclusion continue to influence global trends.

We are determined that, as a Board, we must be representative of our employee base and wider society, including the countries in which we operate.

The Nomination & Governance Committee ensures that the Directors of Pearson demonstrate a broad balance of skills, background and experience, to support our strategic development and reflect the global nature of our business. In accordance with Principle J of the UK Corporate Governance Code, our Board search processes always consider a wide range of candidates, with varied skills, thought, experience and background, all of whom are evaluated on the basis of merit. In any Non-Executive Director search processes, the Nomination & Governance Committee encourages the retained search firms to place an emphasis on putting forward candidates from a range of backgrounds and we prioritise the use of search firms which adhere to the Voluntary Code of Conduct for Executive Search Firms.

The Nomination & Governance Committee reviews and monitors the company's progress against the objectives which underpin the Board Diversity Policy.

The objectives that support the Board Diversity Policy, and which underpin Pearson's commitment to creating a more equitable and inclusive company, incorporate the requirements under the Financial Conduct Authority's UK Listing Rules and include:

- at least 40% female directors
- at least two directors from an ethnic minority background
- at least one of the Chair, Chief Executive, Deputy Chair and Senior Independent Director or Chief Financial Officer is a woman

The Committee is pleased to confirm that all three of these targets have been met. In accordance with UK Listing Rule 6.6.6R(9), as at 31 December 2025, 58% of Directors were women (2024: 60%), the Board included four Directors from an ethnic minority background and the Chief Financial Officer role was, and is currently, held by a woman. As at 12 March 2026, these targets continue to be met.

The Nomination & Governance Committee adopts a principles-based approach to diversity on the Board's Committees. It is recognised that it is not necessarily practical to set meaningful metrics or targets for diverse membership of Committees due to the notably smaller membership of each of the Committees compared to the size of the Board. Accordingly, our principles-based approach endorses the importance of bringing varied perspectives to all areas of the Board and Committees' work. As an example of this principles-based approach in practice, as part of its regular Committee succession planning activity, the Nomination & Governance Committee considers the gender and ethnic balance on each Committee when assessing its composition and future needs.

The Board will continue to adopt best practice, as appropriate, in response to the Financial Conduct Authority requirements, the FRC's guidance, Parker Review and FTSE Women Leaders Review.

**Talent at executive level**

As at 31 December 2025, five members of our Pearson Executive Management team of 11, excluding the Chief Executive and Chief Financial Officer who are counted in the Board's metric, were women (45%) (2024: 45%). Including the Chief Executive and Chief Financial Officer, this ratio was 46% (six women out of 13 members) (2024: 46%). As of 31 December 2025, the group comprising the senior management team (as specified by the UK Corporate Governance Code, i.e. the Pearson Executive Management team and the Company Secretary) and the Pearson Executive Management team's direct reports contained 62 women, representing 48% of that group (2024: 52%). These figures are reported as at 31 December 2025, in accordance with Section 414C of the Companies Act 2006. For figures as at the date of this report, please see page 78.

In response to the Parker Review's requirement for listed companies to set an ethnic diversity target in respect of senior management positions, the Committee approved a target of 20% of Pearson's senior management positions to be occupied by ethnic minority individuals by December 2027. As at 31 December 2025, the senior management team, as defined above and based in the UK, contained seven individuals who identify as minority ethnic, representing 15% of that group, who have provided the company with ethnicity data.

For diversity data in the format prescribed by UKLR 6.6.6R(10), please see page 53.

# Reputation & Responsibility Committee report

**Annette Thomas**  
Chair of Reputation  
& Responsibility  
Committee



## Principal Committee responsibilities

### Stakeholders

Monitoring reputational issues that could significantly affect Pearson's reputation with stakeholders, including shareholders, customers, employees, educational institutions and educators, employers, governments and regulators, communities and civil society, and business partners. Overseeing Pearson's approach to thought leadership in respect of important issues, and attention to political and cultural perspectives in the landscape in which Pearson operates.

### Sustainability

Overseeing Pearson's sustainability strategy, guided by the Learning for Impact framework and including: sustainability-related risks and opportunities; approval of, and monitoring performance towards, targets and public commitments; regulatory landscape, reporting and ratings; and sustainability due diligence in our supply chains and business partnerships.

### Responsible AI

Overseeing Pearson's application of AI with a focus on: the identification of AI-related risks (e.g. biases, IP protection); managing transparency and accountability in AI systems; creation and implementation of Responsible AI principles and promotion of AI ethics across the organisation; monitoring of AI practices; and Pearson's response to external regulatory requirements.

### Communications and regulatory matters

Overseeing Pearson's communications, strategies, policies and plans related to reputational issues and the people, processes and policies that are in place to manage them.

### Branding

Overseeing the way in which the company's brands are managed and promoted to ensure that their value and the company's reputation are maintained and enhanced.

### Risk

Monitoring Pearson's approach to the reputation aspects of the risk register and ensuring that clear roles have been assigned for the management of these.

### Terms of reference

The Committee has written terms of reference that clearly set out its authority and duties. These are reviewed annually and can be found in the Governance section of our website (plc.pearson.com).

### Committee members and attendance

Attendance by Directors at scheduled Reputation & Responsibility Committee meetings throughout 2025:

Committee members	Meetings attended
Alex Hardiman	3/3
Arden Hoffman <sup>1</sup>	2/2
Esther Lee <sup>2</sup>	1/1
Graeme Pitkethly	3/3
Annette Thomas	3/3
Lincoln Wallen <sup>3</sup>	3/3

1. Arden Hoffman was appointed to the Committee with effect from 1 July 2025.
2. Esther Lee was appointed to the Committee with effect from 1 August 2025.
3. Lincoln Wallen stepped down from the Board and the Committee on 31 December 2025.

Reputation & Responsibility Committee report *continued*

## Reputation & Responsibility Committee role

The Committee works to assess and advance Pearson's reputation across the range of its stakeholders and to maximise the company's positive impact on the society in which we work and serve.

We are the main governance body for responsible and ethical business practices at Pearson, and we assess progress towards the company's sustainability priorities and commitments. As part of this work, we provide ongoing oversight and scrutiny across all reputational matters, including climate change considerations, brand, government relations and safeguarding. In late 2024, we refreshed our remit to increase and codify our focus on thought leadership and Responsible AI, reflective of Pearson's commitment to these areas. These themes featured prominently in our work throughout 2025, and you can read more about some of the aspects we considered below.

The Committee's principal responsibilities are summarised on page 99 and you can read about our overall Board framework for sustainability governance, including the related work of other Committees, on page 85.

The full Board is kept abreast of the Committee's work through reports I make following each of our sessions. These reports include highlighting any material discussion or decision points or areas of concern and offering specific recommendations for the Board's action.

As Committee Chair, I am available at any time to engage with any shareholders who would like to discuss the work of the Committee and particularly look forward to taking any shareholder questions at our forthcoming AGM in May 2026.

## Committee composition and attendees

The Committee currently has six members, including me as Chair. On behalf of the Committee, I offer my sincere thanks to Lincoln Wallen, who stepped down from the Pearson Board in December 2025, for his significant contributions to the Committee's work during his tenure. During the year, the Committee was pleased to welcome Arden Hoffman and Esther Lee as new members, each of whom is already making a valuable contribution and bringing fresh perspectives to the Committee's work. Additionally, Costis Maglaras has joined the Committee with effect from January 2026.

Together, Committee members bring a range of expertise across key areas of our remit, including sustainability, product, education, stakeholder management, AI, and policy and government relations. You can read more about the Committee members' skills and experience on pages 72-74.

Pearson's Chief Executive, Omar Abbosh, is a standing attendee at every meeting of the Committee, and we also benefit from the regular attendance of other senior executives whose work is central to the remit of the Committee. These include the General Counsel, who is the executive leader responsible for the development, monitoring and execution of Pearson's sustainability strategy; the Chief Marketing Officer; and Executive Partner, Corporate Communications.

## Learning for Impact framework – activities in 2025

Throughout the year, the Committee paid particular attention to our sustainability strategy, including how it aligns to our greatest areas of opportunity and challenge as a business, and how to communicate its tenets to all our stakeholders in a clear and impactful way.

As described in greater detail in our Sustainability report starting on page 32, our Learning for Impact framework comprises three pillars that drive value for our stakeholders and represent the areas where we can make the biggest positive impact:

- Driving learning for everyone
- Empowering our people to make a difference
- Leading responsibly for a better planet

These areas are strategically significant to Pearson's long-term success and are supported by Pearson's robust corporate governance, strong culture and a suite of effective policies and practices to help us in achieving our ambitions.

The Committee receives regular updates from management on progress against the priorities of the sustainability strategy and initiatives that support its delivery. Over the past year, key activities of the Committee in relation to our three Learning for Impact framework pillars included the following:

- At each meeting, we received a report on recent incidents and issues that could have an impact on Pearson's reputation, including those relating to our products and business partners. We considered the company's responses to coverage on social media and in traditional media,

including paying particular attention to our protocols for responding to questions about our content, the integrity with which we handle such situations and any lessons learned

- We considered management's incident response protocol, recommending a codification of the Chief Executive's role in notifying the Board of any significant matters. We received an update on use of the incident management framework over the previous 12 months
- We endorsed Pearson's new social media policy and noted a new protocol to guide employees in their online activity and digital communications. This four-pronged protocol prioritises our customer-centric approach, while also supporting Pearson's growth, talent attraction and retention, and legal compliance
- We noted the results of our latest review of content throughout our physical textbooks and digital titles ahead of the Fall 2025 back-to-school season. Reviews such as this seek to ensure that our materials remain in line with our Global Quality Standards that support our employees and business partners to deliver accurate, trusted, evidence-based learning experiences that meet our user-centred and data-led standards of excellence
- We noted how Pearson's approach to sustainability and social value is directly aligned to our overall goal of scaling enterprise revenues, with skills, early careers and accreditation – as key drivers of economic value – being differentiators for Pearson in our commercial proposals
- We conducted two deep dive sessions into Responsible AI (RAI), which has been a significant focus area for the Committee and for Pearson more broadly over the past year. We assessed Pearson's progress in providing safe, inclusive and legally compliant AI-enabled learning environments through attention to Pearson's RAI principles and strategy. We noted the latest assessment of Pearson's AI governance maturity, where a comprehensive RAI framework has been established that adheres to the standards of the NIST AI Risk Management Framework and the EU AI Act, among others; and we provided challenge on the balance between the human and automated elements of the proposed control framework. We also considered the cultural behaviours and cross-functional collaboration that will help position RAI as a differentiator for Pearson, assessing the extent to which RAI might be used to accelerate growth and enhance efficacy, while also minimising risk

- We continued to monitor long-term climate targets, progress against short-term decarbonisation activities, and an increased focus on energy efficiency and renewable electricity consumption. As part of this, we noted the ongoing work to assess the environmental footprint of emerging technology, particularly AI, to ensure that innovation advances, rather than compromises, our environmental objectives
- We conducted our annual review of health and safety (H&S) at Pearson, reviewing a report on the H&S programme's key principles, operating models, incident data, future legislative developments and priorities for 2026
- We undertook our annual safeguarding and online harms review. In particular, we considered the company's operational structure, policy approach and escalation procedures, together with actions undertaken by management to continue to enhance our safeguarding framework. We considered how Pearson utilises a 'safety by design' approach in applying innovative technologies, with our Trust and Online Safety team embedded in the product development process. We also endorsed a programme of work to further strengthen our processes around recruitment and training of staff in the safeguarding space

## Sustainability governance and policies

The Committee recognises that robust governance, a strong culture and effective policies are essential to the successful delivery of our sustainability framework.

During the year, we noted the announcement of the EU's 'Omnibus' package which seeks to drive comprehensive deregulation activity in sustainability reporting. The changes resulting from Omnibus include the delayed implementation for Pearson of certain reporting and assurance requirements, as well as reductions in scope and the level of detail required in a variety of regulatory provisions. Accordingly, Pearson has adopted a revised approach to its implementation of reporting changes, prioritising activities required under new or existing UK standards and legislation. As a result, the Committee's activity in this area included:

- Reviewing Pearson's climate risk analysis, which outlines the risks and opportunities that may impact the company's operations and resilience across various climate scenarios and time periods. You can read more about this starting on page 45
- Endorsing continual improvement in quantitative data accuracy in preparation for the increased data reporting and assurance requirements in future years

In addition to our oversight of regulatory change and preparedness, we:

- Noted management's assessment of the latest analyst rankings and ratings of Pearson's sustainability performance and credentials. Read more on page 34
- Reviewed the annual Modern Slavery Act statement with management prior to recommending that the Board approve the statement for publication. Read the statement here: <https://www.pearson.com/legal-information/our-policies/modern-day-slavery.html>

## Other key areas of focus during 2025

In addition to the work relating to the three pillars of our Learning for Impact framework, we spent time considering a broader range of matters relating to Pearson's reputation and key stakeholders, including the following:

- With input from our government relations leads, we reviewed the key areas of focus for the UK and US governments relating to learning, education and skills. We discussed broader governmental policy priorities, the business implications of these and Pearson's response, both tactically and strategically. We also considered the range of approaches through which Pearson engages with governments and policymakers, emphasising Pearson's focus on enterprise, skilling, AI and innovation in education, and improving learner outcomes
- Following the launch of Pearson's new brand identity in April 2025, we received an update on employee and customer engagement and response to the new brand. We also discussed the way in which Pearson could highlight the impact of its products and services through the use of real learner success stories to demonstrate how learning can change lives
- Alongside our new brand, we considered how Pearson is seeking to shape and activate its thought leadership agenda by establishing company points of view on significant topics, balanced with insights from enterprise or research partners. These points of view are brought to life through marketing, policy engagement, product, technology and innovation

## Committee performance review

The Committee undertakes an annual evaluation to review its performance and effectiveness. For our review in 2025, Committee members and other key contributors to the Committee were invited to provide their views on an anonymous basis by way of a tailored questionnaire.

Topics covered in the review process included the effectiveness and dynamics of the Committee, oversight of key areas within the Committee's remit, the quality of papers and meeting discussions, and the relationships between the Committee and management. Following the recent addition of Responsible AI to the Committee's remit, the review also sought participants' deeper views on the Committee's role and key areas of focus in relation to this topic.

The Committee considered the findings from the review process at its December 2025 meeting and concluded that:

- The Committee is functioning well with appropriate agendas, papers produced to a good standard, a collaborative culture and high-quality discussions
- The Committee responds proactively to emerging risks and has benefited from a sharpened remit following the work to refocus its terms of reference in 2024
- There is clear consensus that AI should remain a regular topic in the Committee's work plan, with members felt by management to have already provided valuable input to Pearson's ongoing work in this area

## Committee aims for 2026

Our priorities for the coming year include:

- Continued attention to Pearson's effective integration of Responsible AI practices, including through oversight of: the embedding of practices into engineering and product workflows; enhancing AI literacy across our employee base; and establishing robust, data-driven capabilities to underpin confidence, trust and innovation
- Reviewing proposals to refresh Pearson's brand architecture and consideration of our thought leadership agenda for the coming year
- Remaining attuned to government policies relating to education and skills and other public policy matters affecting Pearson, and ensuring that the company remains well placed to support a breadth of learners and customers
- Continuing our close attention to sustainability matters, including making progress towards our climate commitments, while maintaining a sharp focus on the social impact of our products and services
- Overseeing the effectiveness of material controls within our remit, following the implementation of the new Provision 29 of the UK Corporate Governance Code. You can read more about Pearson's preparations for the new Provision 29 in the Audit Committee's report on page 110

**Annette Thomas**

Chair of Reputation & Responsibility Committee

# Audit Committee report



**Graeme Pitkethly**  
Chair of Audit Committee

## Principal Committee responsibilities

### Financial reporting

The quality and integrity of Pearson's financial reporting and statements and related disclosures, including significant reporting judgements.

### Policy

Group financial policies, including accounting and treasury policies and practices.

### External audit

External audit, including the appointment, qualification, independence and effectiveness of the external auditors.

### Internal audit, risk and internal control

Risk management and internal control framework, including oversight of the work and effectiveness of the Internal Audit function.

### Compliance and governance

Legal and regulatory requirements in relation to financial reporting and accounting matters, and oversight of compliance programmes and investigations.

## Terms of reference

The Committee has written terms of reference which clearly set out its authority and duties. These are reviewed annually and can be found in the Governance section of our website ([plc.pearson.com](http://plc.pearson.com)).

## Committee members and attendance

Attendance by Directors at scheduled Audit Committee meetings throughout 2025:

Committee members	Meetings attended
Alison Dolan	4/4
Alex Hardiman	4/4
Graeme Pitkethly	4/4
Lincoln Wallen <sup>1</sup>	4/4

1. Lincoln Wallen stepped down from the Board and the Committee with effect from 31 December 2025.

## Members

As at the date of this report, the Committee comprises four independent Non-Executive Directors, all of whom have financial and/or related business experience due to the senior positions they hold or have held in other listed or publicly traded companies and/or large organisations. The Committee possesses a good balance of skills and knowledge with competence and experience covering all aspects of the sectors in which Pearson operates and the company's key markets. Each member is 'financially literate' for the purposes of the NYSE listing standards.

Graeme Pitkethly, Chair of the Committee since August 2022, is the Committee's designated financial expert within the meaning of the applicable rules and regulations of the SEC, having recent and relevant financial experience as required by the Code, and as a Chartered Accountant. From 2015 to 2023, Graeme was Chief Financial Officer of Unilever plc and is now a Non-Executive Director of Sandoz Group AG and Chair of its Audit, Risk and Compliance Committee and a Non-Executive Director of Verisure plc and Chair of its Audit and Risk Committee. Graeme's full biography is shown on page 74.

The qualifications and relevant experience of the other Committee members are detailed on pages 72-74. You can read more on page 75 about the process through which the Board assesses the independence of Non-Executive Directors.

## Audit Committee role and composition

The Committee has been established by the Board primarily for the purpose of overseeing the accounting, financial reporting, internal control and risk management processes of the company and the external audit of the Group's financial statements. As a Committee, we are responsible for assisting the Board's oversight of the quality and integrity of the company's external financial reporting and statements, and the company's accounting policies and practices, and we work to create a culture – both within the Committee's work and Pearson more broadly – which recognises the work of, and encourages challenge by, the external auditors.

On behalf of the Committee, I offer my sincere thanks to Lincoln Wallen, who stepped down from the Pearson Board at the end of 2025, for his significant contributions to the Committee's work during his tenure. With effect from 1 January 2026, we have welcomed Costis Maglaras as a new Committee member, and we look forward to considering his perspectives across many areas of the Committee's remit.

Pearson's Executive Partner, Internal Audit, Controls, Compliance and Risk has a dual reporting line to the Chief Financial Officer and to me, and both she and the external auditors have direct access to the Committee to raise any matters of concern and to report on the results of work directed by the Committee. As Audit Committee Chair, I ensure that the full Board is kept abreast of the business of the Committee in a timely manner, including highlighting any areas of concern or specific recommendations. I also work closely with the Chief Financial Officer and senior financial, risk, legal and internal audit personnel outside the formal meeting schedule to ensure robust oversight and challenge in relation to financial control, compliance, investigations and risk management.

As Committee Chair, I am available to engage with any shareholders who would like to discuss the work of the Committee, including the scope or effectiveness of the external audit. There were no requests from shareholders during the year for any specific matters to be covered in the audit. I look forward to taking any shareholder questions at our forthcoming AGM in May 2026.

## Audit Committee meetings and activities

At every meeting, the Committee considers reports on the activities of the Internal Audit and Compliance functions, including the results of internal audits, project assurance reviews and fraud and whistleblowing reports. We also monitor the company's financial reporting and risk management procedures, discuss the Group's control environment, review the work undertaken by the external auditors and consider any significant legal claims and regulatory issues in the context of their impact on financial reporting, each on a regular basis.

Other prominent themes in the Committee's work throughout 2025 included:

- Following publication of the revised UK Corporate Governance Code (the Code) in 2024, we continued to oversee preparations for the new requirements of Provision 29 relating to Pearson's risk management and internal control framework, with a particular focus on effectiveness of our material controls (read more on page 110)
- Continued attention to the application of Pearson's accounting policies, key judgements and key areas of estimation as described in the financial statements
- Oversight of management's approach towards risk identification and monitoring, including through periodic reviews of Group-wide risk trends and mitigation (read more on pages 55-69)
- Review of important areas such as data privacy, cyber security and technology resilience. In addition to their importance at a macro level, these are key factors in the success of Pearson's strategy and in ensuring we maintain trusted relationships with stakeholders

The Committee also receives technical updates at each meeting, including on matters such as accounting standards and the audit, governance and external reporting landscape, and members are able to request specific or personal training as appropriate.

You can view the key activities of the Committee and read more about our work in these areas on the pages that follow.

The Committee's focus areas for 2026 will include:

- In the first year of applicability of expanded Code requirements relating to risk management and internal control, we will work closely with the Board and other Committees to oversee the effectiveness of our material controls through a detailed work plan
- With the external audit for 2026 being the fifth to be led by the current external audit partner, and accordingly the final one permitted under independence requirements, we will focus on the external audit firm's plans for lead partner rotation

*Audit Committee report continued***Additional meeting attendees**

The Chief Executive, Chief Financial Officer, General Counsel, Chief Technology Officer, other executives and senior managers from across the business attended meetings during the year, either as regular invitees of the Committee or to discuss particular items of business.

This direct contact with key leadership augments the Committee's understanding of the issues facing the business as well as helping to develop Pearson's talent pipeline through facilitation of Board-level engagement opportunities for those leaders and managers below executive level. We also meet regularly in private with the external auditors and with the Executive Partner, Internal Audit, Controls, Compliance and Risk.

In addition to the Committee's formal meeting schedule, I meet regularly with the external auditors, Chief Financial Officer, General Counsel, and senior internal audit, controls, legal and risk personnel in order to keep abreast of all relevant matters within the Committee's remit.

As Chair of the Committee, I am consulted as part of the performance review and objective-setting processes for the Executive Partner, Internal Audit, Controls, Compliance and Risk, and I make recommendations on her remuneration to the Remuneration Committee. This additional oversight is in line with the Institute of Internal Auditors' Internal Audit Code of Practice.

**Committee performance review**

The Committee undertakes an annual evaluation to review its performance and effectiveness. For our review in 2025, the Committee evaluation process was conducted by way of a tailored questionnaire. The process sought views on an anonymous basis from Committee members and the Chief Executive together with other key contributors to the Committee, including the lead external audit partner, the Chief Financial Officer, the Chief Technology Officer, the Executive Partner, Internal Audit, Controls, Compliance and Risk, and the Executive Partner, Financial Reporting.

Topics covered in the review process included the effectiveness and dynamics 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.

Reflecting the requirements of the FRC's Minimum Standard as incorporated into the Code, the review also sought views on the Committee's role in overseeing the external auditors, including the Committee's role in assessing the quality and effectiveness of the external audit and creating a culture which encourages challenge.

The Committee considered the findings from the review process at its December 2025 meeting, including the following key points:

- The Committee is considered by Directors and other contributors to be performing effectively with appropriate agendas, papers produced to a good standard, and open, candid discussions at the meetings
- The composition of the Committee is appropriate and includes the necessary skills. Roles and responsibilities are clear and the Committee is considered to have a collaborative culture
- A high quality of debate and challenge is demonstrated by the Committee, including in respect of complex accounting matters or judgements, and the Committee is effective at reviewing the quality and integrity of the Group's financial reporting and at holding management to account in this area
- The Committee provides effective oversight of the quality and effectiveness of the external audit process and of the external auditors themselves, and creates a culture which recognises the work of and encourages challenge by the external auditors
- The Committee has a significant remit and it is important to continue to allocate appropriate time across key risk areas including technology, data privacy and cyber security
- Partnership with the Reputation & Responsibility Committee continues to be key in covering complex topics such as AI, sustainability assurance and non-financial reporting, and business resilience

You can read more about the review of audit quality and effectiveness and the FRC Minimum Standard on pages 111-112.

**Fair, balanced and understandable reporting**

In response to the Code's Principle N, the Committee considered whether the 2025 annual report is fair, balanced and understandable. In making this assessment, we considered the following areas:

- The process for preparing the report, including the contributors, the internal review process and how feedback is addressed throughout the process
- The business review narratives presented for each business area
- The discussion of reported and underlying results throughout the report

The Committee was satisfied that, taken as a whole, the annual report is fair, balanced and understandable. We reported this conclusion to the Board.

Learn more about fair, balanced and understandable reporting on page 156.

**Financial reporting and policies**

In February 2026, the Committee considered the 2025 preliminary results announcement and annual report and accounts, including the financial statements, Strategic report and Directors' report. The significant issues considered by the Committee relating to the 2025 financial statements are set out on pages 114-116.

**Correspondence with the Financial Reporting Council**

In October 2025, Pearson received a letter from the Financial Reporting Council (FRC) confirming that it had completed a review of the company's 2024 annual report and accounts. There were no questions or queries to which the FRC required a formal written response. A number of matters were raised regarding possible improvements to our existing disclosures. These have been addressed in the 2025 annual report where material and relevant.

The FRC's role is to consider compliance with reporting standards and not to verify the information provided. Therefore, given the scope and inherent limitations of their review, which does not benefit from any detailed knowledge of the Group, it would not be appropriate to infer any assurance from their review.

## Audit Committee meeting focus during 2025

	Area of Committee remit				
	Financial and non-financial reporting	Policy and finance operations	External audit	Internal audit, risk and internal control	Compliance and governance
<b>Matters considered</b>	<ul style="list-style-type: none"> <li>• Significant issues reporting (p114)</li> <li>• Fair, balanced and understandable reporting (p156)</li> <li>• Going concern and viability statements including supporting analysis (p69 and p153)</li> <li>• Impact of legal claims and regulatory issues on financial reporting</li> <li>• Annual report and accounts; preliminary announcement and financial statements</li> <li>• Review of interim results</li> <li>• Form 20-F and related disclosures, including annual Sarbanes-Oxley Act Section 404 attestation of financial reporting internal controls</li> <li>• Accounting and technical updates</li> <li>• Sustainability assurance planning</li> </ul>	<ul style="list-style-type: none"> <li>• Accounting matters and Group accounting policies</li> <li>• Treasury Policy and reporting</li> <li>• Tax update</li> </ul>	<ul style="list-style-type: none"> <li>• Report on half-year review procedures</li> <li>• 2025 external audit plan</li> <li>• Review of the effectiveness of external auditors (p111)</li> <li>• Receipt of UK and US auditors' reports</li> <li>• EY findings on internal controls over financial reporting (ICFR)</li> <li>• Confirmation of auditors' independence</li> <li>• Provision of non-audit services by external auditors – approval of policy and regular reporting (p113)</li> <li>• Re-appointment of external auditors</li> <li>• Remuneration and engagement letter of external auditors</li> </ul>	<ul style="list-style-type: none"> <li>• Internal audit activity reports and review of key findings (p108)</li> <li>• 2025 and 2026 internal audit plans including resourcing</li> <li>• Assessment of the effectiveness of Internal Audit function (p109)</li> <li>• Assessment of the effectiveness of internal control and risk management framework (p109)</li> <li>• Preparation for new 2024 Code Provision 29 material controls requirements (p110)</li> <li>• Risk management including Group's principal and emerging risks and risk framework (p107)</li> <li>• Group-wide risk deep dives on: cyber security; technology resilience; data privacy; and treasury and insurance (p107)</li> <li>• Controls Centre of Excellence updates, including on ICFR and 2025 work plan (p109)</li> </ul>	<ul style="list-style-type: none"> <li>• Fraud, whistleblowing reports and ethics and compliance investigations (p108)</li> <li>• Anti-bribery and corruption and sanctions programmes (p108)</li> <li>• Compliance with accounting and audit-related aspects of the UK Corporate Governance Code</li> <li>• Audit Committee and Internal Audit function terms of reference</li> <li>• Oversight of Group's schedule of delegated financial authority</li> <li>• Regulatory and technical briefings</li> <li>• Review of minutes of the Verification Committee's meetings</li> </ul>

Audit Committee report *continued***Audit Committee meeting focus during 2025** *continued*

	Area of Committee remit				
	Financial and non-financial reporting	Policy and finance operations	External audit	Internal audit, risk and internal control	Compliance and governance
<b>Selected key actions and outcomes</b>	<ul style="list-style-type: none"> <li>The Committee reviewed the annual report and Form 20-F, and the company's annual and interim financial statements, and received reports from both management and the external auditors on the significant financial reporting judgements relating to each</li> <li>The Committee reviewed the going concern analysis and the viability statement for recommendation to the Board</li> <li>The Committee reviewed quarterly reports of all material litigation and disputes provided by the General Counsel</li> <li>In early 2025, the Committee received an update on preparations for mandatory sustainability disclosure requirements, noting the anticipated implementation of the EU's 'Omnibus' simplification package. For more detail on Board-level oversight of sustainability reporting, see the Reputation &amp; Responsibility Committee report on page 99</li> </ul>	<ul style="list-style-type: none"> <li>The Committee considered the application of Pearson's accounting policies and practices in reviewing the financial statements and significant accounting matters</li> <li>The Committee reviewed Pearson's tax strategy, receiving updates on anticipated effective tax rate and developments in the global tax regulatory landscape</li> <li>The Committee reviewed quarterly treasury compliance reports and approved the updated Group treasury policy</li> </ul>	<ul style="list-style-type: none"> <li>The Committee considered the audit strategy for the 2025 audit, including the audit approach, significant risks and areas of audit focus, scope and level of materiality</li> <li>The Committee received reports from EY on the results of (i) their review of the interim financial statements, and (ii) their audit of the annual financial statements and ICFR. The Committee reviewed the respective letters of representation and recommended them for approval by the Board</li> <li>The Committee considered formal communications by the external auditors, including disclosures relating to their independence as required by the FRC, SEC and PCAOB</li> <li>The Committee reviewed the effectiveness of the external auditors to ensure the independence, objectivity, quality, rigour and challenge of the audit process were maintained. The Committee concluded that the external auditors and the audit process were effective</li> <li>The Committee considered Pearson's relationships with other external audit firms and agreed an approach to managing independence to preserve choice in any future audit tender process</li> </ul>	<ul style="list-style-type: none"> <li>The Committee reviewed and approved the Internal Audit budget for the coming year at its first meeting of 2025</li> <li>The Committee considered the conclusions and themes emerging from Internal Audit reviews conducted during the year and approved the internal audit plan for 2026</li> <li>The Committee discussed the outcome of Internal Audit investigations, including the most significant issues raised in Internal Audit reports, and received updates on the status of resolution of issues raised</li> <li>The Committee received regular updates on the status of Pearson's internal controls programme, including controls related to financial reporting, business and IT, and considered reports from both management and the external auditors. This included discussion of design and operating effectiveness and any identified deficiencies</li> <li>The Committee considered the Group risks and actions to enhance their assessment, monitoring and mitigation, including recommending to the Board the approval of the principal and emerging risks disclosed in the annual report. This oversight was supported by deep dives into selected risk areas</li> <li>The Committee provided scrutiny of, and input into, proposals relating to material controls effectiveness in response to new Code Provision 29</li> </ul>	<ul style="list-style-type: none"> <li>The Committee reviewed regular reports on fraud, whistleblowing and compliance matters, led by the Associate General Counsel – Employment, Ethics &amp; Compliance, considering investigations, metrics, controls and initiatives</li> <li>The Committee considered an in-depth analysis of compliance with the FRC's Minimum Standard</li> <li>The Committee approved changes to the Group's schedule of delegated financial authority, including in response to the new career architecture levels. All changes were below the threshold requiring full Board approval</li> <li>The Committee undertook the annual review of its own effectiveness and that of the Internal Audit function</li> <li>The Committee Chair met with the Non-Executive members of the PDRI Board to further enhance his understanding of PDRI's independent governance arrangements in respect of PDRI's US federal contracts, respecting the arm's-length nature of those arrangements</li> </ul>

## Risk assessment, assurance and integrity

A key role of the Committee is to provide oversight and support to the Board with regard to the integrity of the company's procedures for the identification, assessment, management and reporting of risk. In fulfilling its remit, the Committee remains mindful that effective risk management is essential to executing Pearson's strategy, achieving sustainable shareholder value, protecting the brand and ensuring good governance.

During 2025, the Committee had oversight of management's approach towards risk identification and monitoring. Pearson's enterprise risk management programme aligns with the structure of the business, which is managed through five global business units supported by Group-wide corporate functions.

At least twice a year, the Committee considers a Group-wide risk management report which highlights risk trends and themes that exist or are emerging across the business. The report provides visibility into key drivers of risk ratings, gives insights into Pearson's mitigation maturity for each principal risk, and identifies priority focus areas from an enterprise risk perspective. In addition to this regular reporting, the Committee conducts a number of deep dives with selected Group functions including data privacy, cyber security, technology resilience, tax, treasury, and anti-bribery and corruption. You can read more on some of these themes later in this Audit Committee report.

On an annual basis, the Committee reviews the enterprise risk framework and approves its continued use. This framework comprises Pearson's principles, processes and methodology for risk management and aims to consistently embed such activity and practice within the organisation.

In addition to the Committee's own work on enterprise risk, through a series of strategic and business-focused risk deep dives, the President of each business unit provides an overview of its risk register to the Board at least annually and leads a session on the key risks facing their particular business. The process is supported by central Risk team experts as required, providing the Board with a clear and consistent framework within which to evaluate the strategic and business risks to the company, based upon the principal, emerging and significant near-term risk categories described on pages 58–68.

The Board uses these deep-dive sessions to understand the rigour of management's risk scanning and to challenge judgements being made in response to risks. The Committee and Board consider that Pearson's enterprise risk management approach is robust and proportionate and facilitates a culture of accountability and ownership among business leaders. The business unit risk deep dives provide a strategic and increasingly data-driven lens to the risk management process that is valued by the Board and management alike.

For more detail, please refer to the dedicated Risk management section on pages 55–69.

## Data privacy, cyber security and technology resilience

Prudent management of data privacy, cyber security and our technology estate are central to protecting Pearson's customers, supporting the business strategy, and maintaining trust with stakeholders. The Committee oversees these matters on behalf of the Board from a risk and assurance perspective and monitors the maturity of Pearson's associated governance frameworks. It does this through regular deep dives and oversight of the risk-based internal audit programme. The Committee takes an integrated approach to these topics, bringing together leaders from each area to provide holistic insights and to ensure that risks and dependencies are considered collectively. Some examples of the Committee's activity and focus areas on these topics are set out below.

## Strategic oversight of technology transformation and culture

A significant area of focus for the Committee during the year was the continued evolution of Pearson's technology operating model and the cultural shift required to support it. Following the appointment of Pearson's new Chief Technology Officer, the Committee reviewed his early assessment of the digital and technology environment, including the strategic ambition to shift the Technology function to a product- and customer-led model. Principles such as 'freedom in a box' were discussed, aiming to balance innovation with common standards, as well as a focus on data and AI governance. The Committee emphasised the importance of clear accountability, engineering discipline and cultural alignment to successfully support this strategic vision for the Technology function.

## Modernisation, resiliency and strategic risk management

The Committee monitored management's progress in updating, and enhancing resilience in, Pearson's technology estate. This included ongoing cloud migration, reduction of technical debt and the continued shift towards more unified, standardised ways of working across engineering teams. The Committee scrutinised the risks associated with legacy platforms and was attentive to the need for robust governance around change management. Committee members also reinforced the importance of disciplined processes, understanding of critical customer journeys and clear visibility of operational risks associated with technology estate enhancements.

The Committee reinforced the need for transparent reporting that reflects customer impact and technical metrics, supporting a clear view of business risk and helping to ensure that technology decisions are aligned to customer experience and strategic objectives.

## Cyber security governance and privacy maturity

The Committee reviewed updates on Pearson's cyber posture, receiving assurance on the identification and protection of high-value assets and progress against key security frameworks, including the NIST Cybersecurity and Privacy Frameworks. The Committee also considered assessments aligned to the CISA Zero Trust Maturity Model, receiving briefings on the key actions required to embed Zero Trust principles across identity, devices, networks, applications and data.

The Committee noted technical and cultural improvements that continued to strengthen organisational maturity in these areas, while reinforcing the importance of clear prioritisation, enhanced accountability and a strong security culture across Pearson's staff, contractors and partners.

## Assurance and oversight

Through its oversight of Pearson's risk-based internal audit programme, the Committee reviewed findings of both formal audits and advisory reviews across a range of technology, cyber security and privacy themes, considered recommendations in respect of any areas for improvement, and tracked management's progress in closing agreed actions.

You can read more about Pearson's approach to data privacy and cyber security on page 39.

Audit Committee report *continued*

### Compliance, ethics, fraud and whistleblowing

The Associate General Counsel (AGC) – Employment, Ethics & Compliance oversees compliance with our Code of Ethics and works with senior legal, HR and other relevant personnel to investigate any reported incidents, including ethical, corruption and fraud allegations. The Committee receives an update at each meeting on all significant investigations and employee relations matters, as well as reviewing data regarding matters raised through our whistleblowing reporting system. If applicable, any findings of the external auditors with respect to a particular matter are also considered as part of these discussions. The Committee may also meet in private if required with the AGC – Employment, Ethics & Compliance. On behalf of the Board, the Committee considers an annual review of the effectiveness of the whistleblowing system including through benchmarking against peers and by monitoring progress against previous years’ findings. The Committee Chair’s regular reports to the Board include a review of investigations or whistleblowing matters of note.

The Pearson anti-bribery and corruption (ABC) and sanctions compliance programmes provide the framework to support our compliance with various regulations such as the UK Bribery Act 2010 and the US Foreign Corrupt Practices Act. The Committee uses this framework to monitor our ABC and sanctions compliance programmes on an ongoing basis. Pearson and the Committee remain attentive to opportunities to continue to enhance the company’s practices and protocols in this space.

In 2025, in addition to our regular review of ethics, compliance and employee relations investigations, we noted a range of enhancements made to the compliance programme, including:

- Launch of a fully refreshed Code of Ethics and associated training, with the theme of ‘Learning with Integrity’, replacing our previous Code of Conduct
- Roll-out of updated and targeted employee training on sanctions and ABC, alongside dedicated training on these topics for the Pearson Executive Management team

- Improvements to our fraud prevention regime, including responding to the requirements of the new UK ‘failure to prevent fraud’ legislation and embedding the key principles in the new Code of Ethics, and supporting the planned roll-out of the new employee expenses system, which utilises technology to better identify discrepancies and validate adherence to company policies

### Board training on compliance

In addition to the Audit Committee’s ethics and compliance updates at every meeting, the full Board participated in a dedicated compliance training session during the year, led by an external specialist.

Topics covered included:

- The UK and US landscapes for anti-bribery and corruption, the reach of applicable legislation and potential offences
- Recent investigations into other large companies and lessons learned
- Priorities of UK and US regulators such as the UK Serious Fraud Office, US Department of Justice and US Securities and Exchange Commission
- How Pearson is responding to recent and upcoming legislative changes, including the new ‘failure to prevent fraud’ offence, under the UK’s Economic Crime and Corporate Transparency Act 2023
- Benchmarking of Pearson’s practices across the compliance space, including: risk assessments; investigations and response; policies, procedures and controls; training and awareness; and monitoring, auditing and reporting

### Internal audit

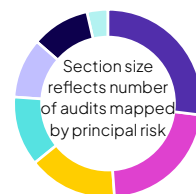
The Internal Audit function is responsible for providing independent assurance to management and the Committee on the design and effectiveness of internal controls to mitigate strategic, financial, operational and compliance risks. The Executive Partner, Internal Audit, Controls, Compliance and Risk reports jointly to the Chair of the Committee and the Chief Financial Officer and is responsible for the day-to-day operations of Internal Audit and execution of the annual internal audit plan. The internal audit mandate is approved annually by the Committee.

### Internal audit plan and activity

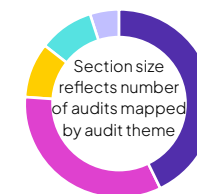
The internal audit plan and any changes thereto are reviewed and approved by the Committee throughout the year, and the Committee is attentive to the resourcing of the Internal Audit function. The internal audit plan is aligned to Pearson’s greatest areas of risk, as identified by the enterprise risk management process (see graphic below), and the Committee considers issues and risks arising from internal audits.

Management action plans to improve internal controls and to mitigate risks are agreed with the business area after each audit. Internal Audit has a robust process in place for the implementation of audit actions, which also includes review and testing of evidence to corroborate action implementation. Progress of management action plans is reported to the Committee at each meeting. Internal Audit has a formal collaboration process in place with the external auditors to ensure efficient sharing of insights and outcomes. Regular reports on the findings and emerging themes identified through internal audits and advisory reviews are provided to the Pearson Executive Management team and, via the Committee, to the Board.

### 2025 internal audit activity – coverage of principal risks and audit themes<sup>1</sup>:



Principal risk	Count
Reputation and responsibility	16
Capability	13
Customer expectations	9
AI, content and channel	7
Competitive marketplace	6
Portfolio change	6
Accreditation	2



Theme	Count
Governance and compliance	9
Technology and data	7
Transformation / change	2
Customer / consumer	2
People	1

1. Each audit may cover multiple principal risks but will have only one theme

In 2025, Internal Audit carried out engagements across Pearson's business units and corporate functions, as well as Group-wide thematic audits, covering all principal risks. The audit plan changes throughout the year based on changes in Pearson's risk profile. Key themes in 2025 related to compliance with laws and regulations, information security and data privacy, organisational transformation, business continuity and IT resilience, and operational delivery. Additionally, the Internal Audit team contributed to our preparations for compliance with the 2024 Code Provision 29 material control requirements and will play a key part in Pearson's assurance framework in this regard moving forward. You can read more about our preparations for Provision 29 on page 110.

### Internal audit evaluation

At its December 2025 meeting, the Committee considered the findings of the review of the performance, effectiveness and independence of Pearson's Internal Audit function, a process which is undertaken annually. The 2025 review was conducted by distributing a questionnaire to the key stakeholders of the Internal Audit function – including Committee members, the lead external audit partner, members of the Pearson Executive Management team, and senior financial, legal, technology and operational management.

The evaluation process sought views on an anonymised basis on the Internal Audit function's work programme, planning, resource levels, skills and expertise, communication and ways of working.

Based on the findings of the 2025 review, the Committee is of the opinion that the quality, experience and expertise of the Internal Audit function are appropriate for the business. The Committee further believes that the Internal Audit function operates with an appropriate degree of independence and has the ability to raise matters with the Committee without management present.

The Committee recognised the findings of the review, which noted that the Internal Audit function demonstrates a robust and effective team, recognised for its independence and professionalism. The team is perceived as consistently delivering high-quality challenge and adding value to the business, with a clear, risk-based approach to its work. Stakeholders appreciate the clear communication of audit plans and the transparency around the risks being addressed, contributing to a shared understanding of the audit programme's scope and objectives.

The Committee will remain attentive to ensuring the Internal Audit function has access to the necessary resourcing, skills, capabilities and knowledge to conduct specialist audits, supplementing its own resource where necessary.

The Committee will ensure that an external quality assessment – i.e. an independent third-party assessment of the effectiveness and processes of the Internal Audit function – is conducted at least once every five years, in line with the requirements of the Institute of Internal Auditors' Global Internal Audit Standards. The most recent such assessment was undertaken in 2024 and it is therefore expected that the next such assessment will be undertaken during 2029.

### Internal control and risk management

The Board has overall responsibility for Pearson's internal control and risk management framework, which is designed to manage, and where possible mitigate, in line with the Board's risk appetite, the risks facing Pearson, as well as to safeguard assets and provide reasonable, but not absolute, assurance against material financial misstatement or loss. The Board agrees risk management requirements and, in assessing the effectiveness of the risk management effort, reviews a range of inputs as described elsewhere in this report. The Board can and does challenge the reporting it receives and will request further information as needed to make its assessment.

The Committee plays a lead role on behalf of the Board in monitoring the effectiveness of the company's risk management and internal control framework. In addition to Pearson's listing on the London Stock Exchange, Pearson is listed on the New York Stock Exchange, where the company's shares trade in the form of ADSs. Pearson is accordingly required to comply with the requirement under Section 404 of the US Sarbanes-Oxley Act of 2002 (SOX) to conclude annually on the operation of its internal controls over financial reporting. Management's assessment is included on page 259 as part of the Additional information for US listing purposes section which is on pages 241–261.

The Committee oversees a risk-based internal audit programme which provides assurance over Pearson's management of risk. In addition to this assurance work, the Committee monitors the effectiveness of the organisation's broader risk and internal control framework through three main inputs: (i) reports from Internal Audit, which offer evidence-based assurance over key risks via the audit programme;

(ii) risk deep dives, which provide comprehensive insights into specific risk areas and are led by functions or business units, together with overarching enterprise-level risk reporting; and (iii) regular reports on the effectiveness of internal controls over financial reporting. In 2025, Internal Audit provided assurance over key principal risk areas, as described on page 108.

Each business area maintains internal controls and procedures appropriate to its structure, business environment and risk profile, while complying with company-wide policies, standards and guidelines. Key internal controls over financial reporting are tested by the Group-wide Controls Centre of Excellence and are subject to testing as part of both the internal and external audit processes.

The Controls Centre of Excellence teams took a number of steps in 2025 to further enhance Pearson's control environment. This included building internal technical SOX knowledge, growing testing capacity in Manila and improving technology usage.

The Committee, acting on behalf of the Board, confirms that it has reviewed, and continues throughout the year to review, the effectiveness of Pearson's risk management and internal control framework in accordance with Provision 29 of the 2018 Code and the associated guidance (as in effect during the year). In making its assessment as to the effectiveness of the framework for 2025, the Committee had regard to an assurance opinion from the Internal Audit function. Factors considered in this process included:

- the outcomes of internal audits completed during the year
- significant changes in Pearson's strategy, processes and systems
- the wider Pearson risk management and assurance framework, which includes other assurance activities by first and second line of defence teams, including enterprise risk management, the Controls Centre of Excellence, business unit and technology assurance teams
- work conducted by the external auditors
- the organisation's response to internal audit actions
- whether any fundamental or significant actions have not been accepted by management and the consequent risk
- whether any limitations have been placed on the scope of Internal Audit's work or remit

### Audit Committee report *continued*

The Committee reviewed the detail underpinning these factors as part of the 2025 year-end process. The Committee also reviewed all internal financial control deficiencies identified during the year and noted that the majority were remediated during 2025. The impact of any unremediated deficiencies on the financial statements was considered. Following these reviews, the Committee confirmed that Pearson's risk management and internal control framework operated satisfactorily throughout the year.

The Board is ultimately accountable for effective risk management in Pearson and determines our strategic approach to risk. It confirms our enterprise risk management framework as well as our risk appetite targets. The involvement of the Board and Committee in the design, implementation, identification, monitoring and review of risks (including setting risk appetite and reviewing how risk is being embedded in our culture) is outlined in more detail in the Risk management section on page 56.

### Preparing for revised Code Provision 29

Following the publication of the revised UK Corporate Governance Code in January 2024, and throughout 2025, the Committee has closely overseen management's response to the new requirements of Code Provision 29. This provision will require the Board to make an explicit declaration on the effectiveness of material controls as at the balance sheet date, beginning with the 2026 financial year.

The Committee has been attentive to Pearson's proposals to address the new Code requirements, with specific focus on: (i) the identification of 'material controls' including financial, operational, reporting and compliance controls; and (ii) the assurance that is in place to provide sufficient comfort to the Board in making the required declaration.

As part of this work, we have challenged ourselves to concentrate on the controls that truly impact Pearson's success or failure, in line with the FRC's guidance.

A management working group including representatives from Internal Audit, Risk Management and Company Secretariat, and sponsored by the Chief Financial Officer, has led Pearson's preparations for the revised Provision 29. The Committee – which has led the oversight of Provision 29 readiness on the Board's behalf – has regularly reviewed management's proposals, provided input, challenged assumptions, and ensured that management's proposed approach aligns with the aims of the new Code.

In late 2025, the Committee reviewed the final proposals from management in respect of material controls and the assurance framework and recommended to the Board that the proposals be endorsed for use throughout 2026. The Board confirmed its endorsement of the approach. You can read more detail in the sections below on our agreed approach.

In 2026, the Committee's attention will shift to the review and oversight of the identified material controls, consideration of any areas of ineffectiveness or potential improvement, and preparation for future external reporting requirements.

#### Identification of material controls

A key responsibility under Provision 29 is for the Board to determine which internal controls it considers 'material' to Pearson – that is, those controls most critical to the long-term sustainability of the company. In order to identify the material controls, Pearson undertook a risk-based control mapping exercise. This process included:

- Mapping Pearson's principal risks and corresponding mitigating actions to their related control and governance activities
- Formally documenting existing activities as controls and confirming control owners
- Linking controls to the established SOX framework where relevant
- Incorporating feedback from external advisers and peer discussions to benchmark our approach
- Refining the controls based on an assessment of materiality

The resulting material controls span our seven principal risk categories, business units and Group-wide functions and take account of the examples provided in the FRC's guidance.

You can read more about our principal risks and mitigating actions starting on page 57.

#### Assurance framework and pilot programme

A robust assurance framework has been established to support the Board's future declaration of controls effectiveness.

The assurance approach includes:

- Cyclical testing by Internal Audit to ensure 100% coverage of material controls over a two-year cycle, with annual testing prioritised for higher-risk controls, those with lower existing levels of first or second line assurance, or those where Pearson has a lower risk tolerance
- Annual management self-assessments and attestations, reviewed by Internal Audit, to ensure completeness and rigour

- Reliance on SOX testing and existing external assurance where appropriate, to avoid duplication
- Regular updates on control status and operation to the Board and its Committees through a range of risk deep-dive sessions, which will ensure Board-level attention on every material control at least annually
- Interim and final assurance reports to the Board and Audit Committee each year on material controls status

The Committee has concluded that this framework is appropriate as it balances risk, independence and efficiency, and will ensure that the Board receives reliable assurance over the controls most vital to Pearson's success. The Committee recommended the framework to the Board, which accepted this recommendation.

In the second half of 2025, the Internal Audit team commenced a pilot assurance programme to test the design and effectiveness of 80% of the material controls. This pilot programme enabled:

- Control owners to be familiarised with the requirements of the new framework, including control walkthroughs with Internal Audit
- Evaluation of controls to ensure they met internal materiality criteria
- Identification of any areas for improvement in existing control activity ahead of implementation
- Opportunity to design, implement and calibrate the assurance and testing approach, reporting and tools
- Assessment of resourcing impact for employees involved in the process

In February 2026, alongside its consideration of the Provision 29 assessment for the 2025 financial year, the Board and Committee reviewed the results of the pilot assurance programme including the effectiveness status of the selected pilot controls.

#### Internal training and readiness

To prepare for the new requirements, comprehensive communications and training were rolled out to all control owners and Pearson Executive Management sponsors, led by the Internal Audit team.

Internal Audit are providing ongoing support and guidance to control owners as we move into the first full year of compliance with the revised Provision 29.

## How we assess external audit effectiveness

### Inputs to the external audit effectiveness review

- EY's annual audit quality report including discussion of issues raised by the FRC
- Audit quality indicators
- Risks to audit quality identified by the external auditors and how these were addressed
- Observations and interactions between the Committee and external auditors
- Review of mandatory communications by the external auditors, including relating to their independence
- Bespoke survey of Pearson colleagues

### Who we surveyed to inform our assessment of effectiveness

- Members of the Committee
- Chief Financial Officer
- Chief Technology Officer
- Senior corporate financial management
- Finance business partners for business units
- Senior internal audit and controls management
- Senior technology and operations leaders



### Themes covered in the external audit effectiveness survey

- Professional scepticism, integrity and willingness to challenge management
- Commitment to audit quality, including mindset and culture
- Independence and objectivity
- Partners and the audit team – resourcing, qualifications, skills, knowledge and experience
- Management and organisation of the audit process
- Planning and scoping of the audit
- Delivery and execution of the agreed audit plan
- Communication with and reporting to the Committee and management – transparency, timeliness, clarity, conciseness, relevance
- Commentary on systems of internal control and other recommendations
- Technical specialism and use of experts
- Use of technology and data analytics

### Results and conclusion

- Results of the anonymous survey were analysed by the Committee Secretary and presented to the Committee and EY
- The responses to the survey indicated that the external auditors operate with independence and objectivity, demonstrate open lines of communication with the Committee, exhibit professional scepticism and appropriate levels of challenge, possess the requisite technical expertise and apply it appropriately to the business and any issues and judgements
- In conclusion, and following its review of the relevant inputs, including the responses to the survey, the Committee confirmed that the audit process was effective and that it was satisfied with the quality of the audit

## External audit

The Committee is responsible for overseeing and assessing Pearson's external audit and its auditors. Ernst & Young LLP (EY) were first appointed as Pearson's external auditors by shareholders at the AGM in April 2022 following a tender process. Pearson's 2025 audit was the fourth undertaken by both EY and Ben Marles as lead audit partner. As required by regulation, Pearson will put the external audit contract out to tender at least every ten years, with the next tender being in respect of the 2032 financial year at the latest. The decision to undertake such a process will be a matter for the Committee.

Pearson confirms that it was in compliance with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 during the financial year ended 31 December 2025.

### Appointment of external auditors

The Committee reviews and makes recommendations to the Board in respect of the appointment and compensation of the external auditors. These recommendations are typically made by the Committee after considering the external auditors' performance during the year, reviewing external auditor fees, conducting an effectiveness review, considering the annual report on audit quality of the external audit firm and confirming the independence, objectivity, qualifications and experience of the external auditors.

### Audit quality and effectiveness

In conducting our 2025 review of the effectiveness of the external auditors and making our recommendation to re-appoint EY for 2026, the Committee had regard to factors such as those set out in the FRC Minimum Standard (see also page 112).

We considered our own observations and interactions with the external auditors, the quality of the audit, the auditors' independence, the programme of work conducted by the auditors and their reports on that work. To support our assessment, we utilise a bespoke questionnaire to gather views from Pearson colleagues most familiar with the external audit process which seeks feedback on all factors described in the FRC Minimum Standard. We also consider a range of other inputs in making our assessment. A key additional input

### Audit Committee report *continued*

is a suite of audit quality indicators (at both a firm-wide and engagement-specific level) against which the external auditors report to the Committee on a regular basis.

The diagram on page 111 illustrates the main inputs to our assessment, the colleagues from whom we sought views, the themes covered in our survey and the outcomes of our work.

As previously described to shareholders, during 2023 and 2024, the Committee oversaw an agreed set of initiatives designed to bring incremental enhancements to both the delivery of the external audit and Pearson's internal control processes, focusing on audit quality, efficiency, effectiveness and the use of technology. Following the successful completion of those initiatives and embedding of the resulting enhancements into routine practices over the past two years, the Committee was pleased to note that feedback provided in the 2025 effectiveness survey was positive and constructive in tone, reflecting clear progress in key areas, and with a strong emphasis on continuous improvement and collaboration.

The Committee monitors the independence and objectivity of the external auditors on an ongoing basis and will continue to formally evaluate their overall performance and effectiveness and the quality of the external audit on an annual basis, taking account of all appropriate guidelines.

### FRC Minimum Standard

In May 2023, the FRC introduced the 'Audit Committees and the External Audit: Minimum Standard' (the 'FRC Minimum Standard' or 'Standard'). From January 2025, the Standard has been incorporated into the UK Corporate Governance Code and operates on a 'comply or explain' basis.

Having reviewed an analysis of Pearson's approach to the FRC Minimum Standard, the Committee confirms that it was in full compliance with all provisions for the financial year ended 31 December 2025.

### Review of the external audit

During the year, the Committee discussed the planning, conduct and conclusions of the external audit as it proceeded.

At its July 2025 meeting, the Committee discussed and approved the external audit plan and reviewed EY's assessment of risks of material misstatement of Pearson's financial statements.

The external auditors provided an update to the risk assessment at the December 2025 Committee meeting, confirming to the Committee the addition of a new significant audit risk relating to the valuation of acquired intangible assets following the completion of Pearson's acquisition of eDynamic Learning.

The table on pages 114-116 sets out the significant issues considered by the Committee together with details of how these items have been addressed and the ways in which the external auditors challenged management's assumptions. The Committee discussed these issues with the auditors throughout the 2025 audit process.

In December 2025, the Committee discussed with the auditors the status of their work, focusing in particular on internal controls and Sarbanes-Oxley testing.

As the auditors concluded their audit, they explained to the Committee:

- The work they had conducted over revenue and in particular the specific risk of fraud in revenue recognition. This included work over contracts in certain of the Group's businesses in the US and UK that span the year end, where revenue is recognised using an estimated percentage of completion based on costs and work over manual adjustments to revenue. In addition, they explained their use of data analytics to cover entire populations of data with procedures such as correlating revenue with receivable and cash entries
- Their procedures performed to audit the material acquisition in the year and specifically their work over the valuation of the acquired intangible assets. Their work focused on the valuations of certain specific acquired intangibles and their procedures included the use of EY valuation specialists
- Their work over retirement benefit obligations including procedures undertaken over assumptions used in determining the defined benefit obligations and their work over the valuation of the related pension assets
- Their work in evaluating management's goodwill impairment exercise, on a value-in-use basis, including assessing assumptions around operating cash flow forecasts, perpetuity growth rates and discount rates, and their views on the sensitivity of CGU headroom to downside scenarios
- Their work in assessing management's judgements and assumptions regarding the recoverability of certain long-lived assets including right-of-use assets (in relation to leased properties) and product development assets. Their work focused on assets with identified triggers which resulted in impairments, and the reversal of historical impairments, being recorded
- The work performed over the nature and presentation of adjusting items, focusing on subjective judgements and the transparency and prominence with which related adjusted measures are presented
- Their work in assessing management's judgements and assumptions regarding provisions for uncertain tax positions
- Their work in assessing management's judgements and assumptions regarding the reversal of certain historical impairments against investments in subsidiaries in the parent company
- The results of their controls testing for Sarbanes-Oxley Act Section 404 (SOX 404) reporting purposes and in particular their findings in relation to information provided by the entity (IPE), controls over key IT systems and other relevant internal control over financial reporting (ICFR) matters
- Their work to address the specific pervasive risk of management override of controls, including their view on the potential sources or indicators of bias and override of controls and their response to those indicators, including procedures such as review of Board and Committee minutes, journal entry testing, review of non-routine transactions and the use of data analytics
- The results of their work over the company's going concern assessment and viability statement

- Their work in relation to other matters which are not classified as key audit matters, but which are considered important financial reporting matters, key areas of judgement or estimation, or which may give rise to additional disclosure requirements

The auditors also reported to the Committee the unadjusted misstatements that they had found in the course of their work, which were immaterial, and the Committee confirmed that there were no material items remaining unadjusted in these financial statements.

## Auditors' independence

In line with best practice, our relationship with EY is governed by our policy on external auditors, which is typically reviewed annually to ensure it remains effective and appropriate and is approved by the Committee. The policy establishes procedures to ensure that the auditors' independence is not compromised, as well as defining those non-audit services that external auditors may or may not provide to Pearson.

## Scope of the policy on external auditors

- The policy applies to all Pearson businesses globally, including associate companies
- Any identified threats to independence arising from services provided by the external auditors to a company that is then acquired by Pearson must be addressed within three months of the acquisition date
- The policy applies to all audit firms used by Pearson including those undertaking statutory audits only
- In the event of a change in the Group auditor, it also applies to the outgoing firm until they have discharged their Group audit responsibilities and for any periods in which they are required to be independent in order to undertake any specific audit responsibilities

## Governance of audit and non-audit services

- The Committee approves all audit and non-audit services provided by the external auditors
- Any allowable services are in accordance with relevant UK and US legislation and auditor standards
- Our policy on the use of the external auditors for non-audit services complies with the FRC's Ethical Standard published in January 2024 and which took effect from December 2024. The policy also complies with all relevant SEC independence rules
- The FRC's Ethical Standard applies restrictions on certain non-audit services and applies a cap on the level of permitted non-audit services fees which can be billed in any year. More particularly, our policy provides that only non-audit services which are required to be carried out by the external auditors or where the work is closely linked to the audit work are permitted, and only if also permitted by the FRC and SEC
- The policy reflects the restriction on the use of pre-approval in the FRC's Ethical Standard and, accordingly, all non-audit services, except those considered to be 'trivial', are required to be approved by the Committee
- We review non-audit services on a case-by-case basis. Non-audit services engagements below a value of £25,000 are defined as 'trivial' from a materiality perspective and can be pre-approved and authorised by the Group Finance team from categories of allowable services in accordance with the Group's non-audit services policy. Any such pre-approved services are presented for noting by the Committee at its next meeting
- We expressly prohibit the provision of certain tax, HR and other services by the external auditors
- Total non-audit fees will be limited to no more than 70% of the average audit fee paid in the last three consecutive years

The Committee receives regular reports summarising the amount of fees paid to the auditors. During 2025, Pearson spent a similar amount on non-audit fees when compared with 2024. For 2025, non-audit fees (excluding fees related to SOX 404 attestation) represented 2% of external audit fees (3% in 2024). Non-audit fees including those related to SOX 404 attestation represent 11% of audit fees (12% in 2024).

For all non-audit work in 2025, EY was selected only after consideration that it was best able to provide the services we required at a reasonable fee and within the terms of our policy on external auditors. Where EY is selected to provide audit-related services, we take into account its existing knowledge and experience of Pearson. Where appropriate, services are tendered prior to a decision being made as to whether to award work to the auditors.

Significant non-audit work performed by EY during 2025 included:

- half-year review of interim financial statements
- bond proceeds limited assurance
- SOX 404 attestation of financial reporting controls

A full statement of the fees for audit and non-audit services is provided in note 4 to the financial statements on page 190.

## Graeme Pitkethly

Chair of Audit Committee

Audit Committee report *continued*

## Significant issues considered by the Audit Committee

Issue	Action taken by Audit Committee	Outcome
<b>Going concern and viability</b>		
<ul style="list-style-type: none"> <li>The assessment of the Group's viability and the appropriateness of the going concern assumption</li> </ul>	<ul style="list-style-type: none"> <li>The Committee reviewed future budgets and cash flow forecasts to understand the Group's available liquidity and ability to continue as a going concern. The Committee reviewed and challenged the risks to the forecasts identified. The Committee reviewed the outcome of the severe but plausible scenario modelling and stress testing</li> <li><b>EY challenge:</b> EY challenged the appropriateness of the assumptions used to calculate the cash forecasts under base and severe but plausible downside case scenarios, including whether the downside scenarios were sufficiently severe. EY compared the scenario to the Group's principal risks and performed a search for contrary evidence. EY also performed independent incremental sensitivities in respect of the going concern assessment, considering worst-case outcomes for the Group's uncertain tax positions as well as increasing all principal risks to high risk with the resultant increased financial impact, and liquidity still remains. EY challenged whether the share buyback announced in January 2026 had been included in the cash flow forecasts</li> </ul>	<ul style="list-style-type: none"> <li>The Committee is satisfied with the modelling process and the risks identified. In addition, the Committee is satisfied with the stress testing performed and the severe but plausible scenario modelling. The Committee noted that in all scenarios the Group had a high level of liquidity headroom and sufficient headroom against covenant requirements</li> <li>The Committee is satisfied with the adequacy of the Group's viability and is satisfied that the Group is a going concern</li> <li>The Committee is satisfied with the disclosures related to going concern and viability</li> </ul>
<b>Revenue recognition</b>		
<ul style="list-style-type: none"> <li>Pearson has a number of revenue streams with different revenue recognition models. For some revenue streams, judgements and estimates are required in order to determine the amount and timing of revenue recognition</li> </ul>	<ul style="list-style-type: none"> <li>The Committee regularly reviews and challenges revenue recognition practices and the underlying assumptions and estimates. In 2025, the Committee reviewed revenue recognition practices in relation to the 'Hyperscaler' contracts, focusing in particular on the impact of overarching master service agreements on the recognition of revenue as well as the specific IFRS 15 guidance around 'consideration payable to a customer'. In addition, the Committee has visibility of the internal control framework over revenue and the results of the monitoring and certification work performed by the Controls Centre of Excellence over those controls. The Committee also has visibility of internal audit findings relating to revenue recognition controls and processes. The Committee routinely monitors the views of the external auditor on revenue recognition issues. This includes review of their data analytics testing of revenue in Higher Education and understanding any exceptions that do not follow the expected process path as well as testing of one-off or judgemental items</li> <li><b>EY challenge:</b> EY specifically challenged areas where there is manual intervention in the revenue recognition process, in particular where revenue is recognised over time and assumptions are used to determine the timing of recognition. EY challenged management's consideration on revenue recognition of the 'Hyperscaler' contracts</li> </ul>	<ul style="list-style-type: none"> <li>The Committee is satisfied that revenue is being recognised appropriately</li> </ul>

Issue	Action taken by Audit Committee	Outcome
<p><b>Recoverability of long-lived assets</b></p> <ul style="list-style-type: none"> <li>Pearson (the Group) holds significant long-lived assets including: right-of-use assets (in relation to leased properties); property, plant and equipment; product development assets; goodwill and intangible assets</li> <li>Pearson plc (the company) holds significant investments in subsidiaries, some of which were impaired in previous years. During 2025, historical impairments of £0.5bn have been reversed</li> <li>There are significant estimates and assumptions used in the impairment reviews</li> </ul>	<ul style="list-style-type: none"> <li>The Committee monitored the Group's property strategy during the year to determine if there were triggers for impairment or impairment reversal. The Committee considered the results of the Group's property impairment reviews with specific focus on the 80 Strand property. Updates to key assumptions were reviewed and challenged. The Committee considered the impairment reversals recorded and the adequacy of related disclosures</li> <li>The Committee specifically considered the results of the Group's goodwill impairment reviews which were undertaken in December and refreshed post year end. Key assumptions – including cash flows derived from strategic and operating plans, long-term growth rates and the weighted average cost of capital – were reviewed and challenged. The Committee considered the sensitivities to changes in assumptions and the adequacy of disclosures required by IAS 36 'Impairment of Assets'</li> <li>The Committee considered the results of the impairment exercise undertaken related to a specific CGU for which an impairment trigger was identified, following which, certain product development assets were impaired. Key assumptions were reviewed and challenged as well as the adequacy of disclosures required by IAS 36 'Impairment of Assets'</li> <li>The Committee considered the valuation of the investments in subsidiaries held in Pearson plc, the company. The Committee specifically considered the application of the Group goodwill impairment model to the investments and also the existence of indicators of impairment reversal</li> <li><b>EY challenge:</b> EY challenged the judgement in respect of the identification of the impairment reversal trigger in parent company investments including the method of allocation of the Group's value-in-use ("VIU") to the investments and the estimation of the forecast cash flows in the VIU model. EY also challenged the assumptions included in the prospective financial information used for the Group's VIU calculation. EY also challenged the basis for the impairment of product development assets</li> </ul>	<ul style="list-style-type: none"> <li>The Committee is satisfied with the results of the property impairment reviews and the subsequent impairment reversals recognised in the income statement</li> <li>The Committee is satisfied with the results of the annual goodwill impairment review</li> <li>The Committee is satisfied with the disclosures relating to non-current asset impairments and concurs with management's view that the recoverability of goodwill is not a key area of estimation</li> <li>The Committee is satisfied with the results of the specific CGU impairment exercise and the resulting impairment of product development assets</li> <li>The Committee is satisfied that there is an appropriate trigger for reversing impairments on subsidiaries in the parent company and an appropriate measurement basis has been used. The Committee is satisfied with the disclosures related to the impairment reversal</li> </ul>

Audit Committee report *continued*

Issue	Action taken by Audit Committee	Outcome
<b>Tax</b>		
<ul style="list-style-type: none"> <li>Pearson holds provisions in relation to uncertain tax positions</li> <li>Changes to, and the application of, tax legislation continues to be a complex and judgemental area</li> </ul>	<ul style="list-style-type: none"> <li>The Committee considered various developments during the year, including legal developments, ongoing tax audits and the appropriateness of the associated provisions</li> <li>The Committee also continued to monitor the impact of changes in tax legislation, including 'Pillar 2' of BEPS 2.0 which was effective for Pearson from 1 January 2024, with the first Pillar 2 filings taking place in 2025</li> <li><b>EY challenge:</b> EY specifically challenged the inputs and assumptions used in the calculation of provisions for uncertain tax positions and the disclosure of the Brazilian tax contingency</li> </ul>	<ul style="list-style-type: none"> <li>The Committee is satisfied with the appropriateness of provisions held in relation to other uncertain tax positions</li> <li>The Committee is satisfied with Pearson's approach to managing the impact of tax legislation changes</li> <li>The Committee is satisfied with the disclosures relating to the impact of Pillar 2</li> </ul>
<b>Retirement benefits</b>		
<ul style="list-style-type: none"> <li>Pearson holds a significant obligation in relation to the Group's defined benefit pension schemes. The UK Group Pension Plan is in a significant net surplus position after the recognition of the related assets</li> <li>Defined benefit plans in the US and Canada were terminated during 2025</li> </ul>	<ul style="list-style-type: none"> <li>The Committee considered the assumptions used to determine the defined benefit obligation as well as developments related to the triennial valuation of the UK Group Pension Plan and the impacts on the IAS 19 accounting. The Committee considered the impact of the termination of the US and Canadian defined benefit schemes, including the IAS 19 accounting and the adequacy of disclosure</li> <li><b>EY challenge:</b> EY specifically challenged the assumptions used in determining the defined benefit obligations, taking into account both market practice as well as the specifics of the Pearson pension schemes. EY also challenged the valuation of harder to value Level 3 pension assets</li> </ul>	<ul style="list-style-type: none"> <li>The Committee is satisfied with the IAS 19 accounting, and related disclosures, for the Group's pension obligations and assets</li> </ul>
<b>Acquisitions</b>		
<ul style="list-style-type: none"> <li>In 2025, Pearson acquired 100% of eDynamic Holdings LP (eDL)</li> </ul>	<ul style="list-style-type: none"> <li>The Committee reviewed the accounting for the eDL acquisition with specific focus on consideration, net assets acquired including the valuation of intangibles and the recognition of goodwill. The Committee noted the use of third-party valuation experts to value the acquired intangible assets and the controls performed over all aspects of the acquisition accounting, including, but not limited to, the review of assumptions used by the third-party valuation experts</li> <li><b>EY challenge:</b> EY specifically challenged the assumptions used in valuing the intangible assets, engaging EY valuation specialists to assist with the audit procedures. In particular, EY challenged the prospective financial information used in the valuation calculation with a focus on specific assumptions around revenue growth, EBIT % and discount rates</li> </ul>	<ul style="list-style-type: none"> <li>The Committee determined that the acquisition accounting for eDL had been undertaken appropriately but notes that it remains provisional as at 31 December 2025</li> </ul>

# 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](https://www.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 <sup>1</sup>	3/3
Esther Lee <sup>2</sup>	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.

Directors' Remuneration Committee report *continued*

## 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

Directors' Remuneration Committee report *continued*

# 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

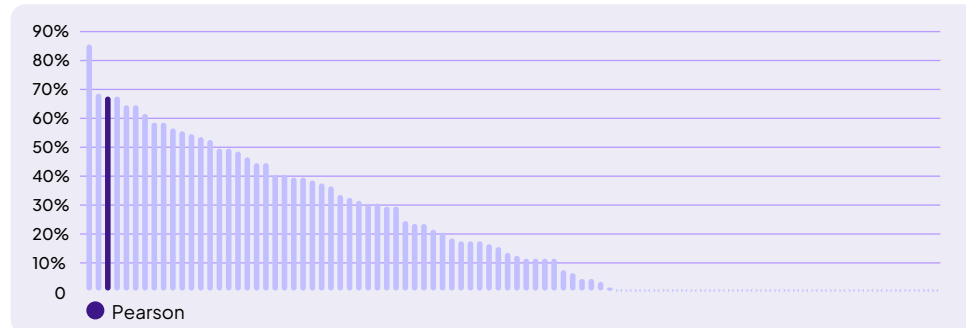
shareholder value through executing a simple but powerful strategy built on three interconnected pillars: (i) driving performance in our core business, (ii) unlocking execution synergies, and (iii) capitalising on medium-term growth vectors. We have made strong progress to date on our strategic journey 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.

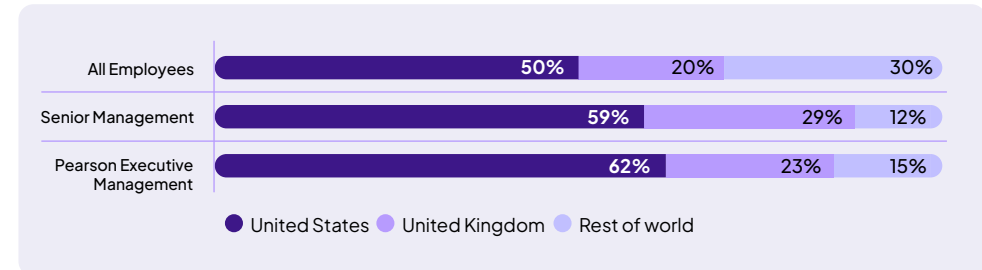
Since 2020, we have refreshed and strengthened our senior management team, with almost all of the senior hires in that period coming from US companies or global companies that offer 'US style' packages. For example, in this period we have recruited PEM talent from companies such as Accenture, Hologic 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**

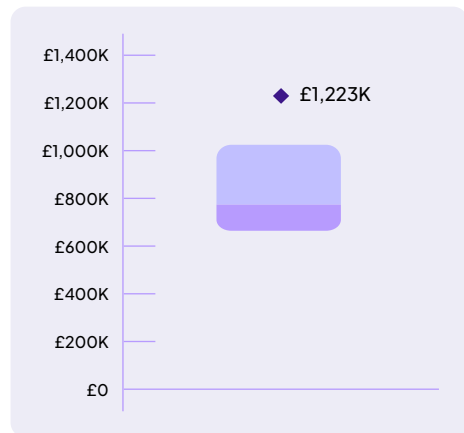
Accenture\*, ADP\*, Alphabet Inc\*, Amazon.com Inc\*, Capgemini SE, Cognizant Technology Solutions Corp, EPAM Systems Inc, FactSet Research Systems Inc, Gartner Inc, IBM Corp\*, Informa plc, Meta Platforms Inc\*, Microsoft Corp\*, Moody’s Corp\*, Oracle Corp\*, RELX plc, S&P Global Inc\*, Salesforce 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).

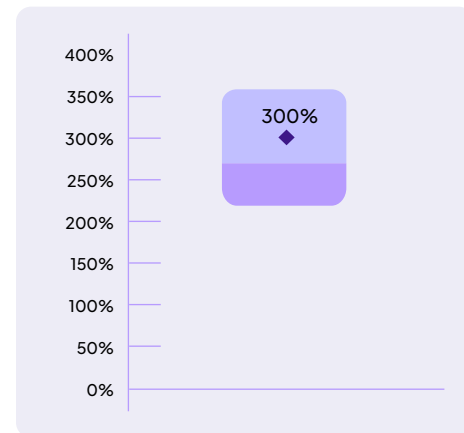
## Pearson CEO 2025 remuneration positioning compared against the Talent Peer Group

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.

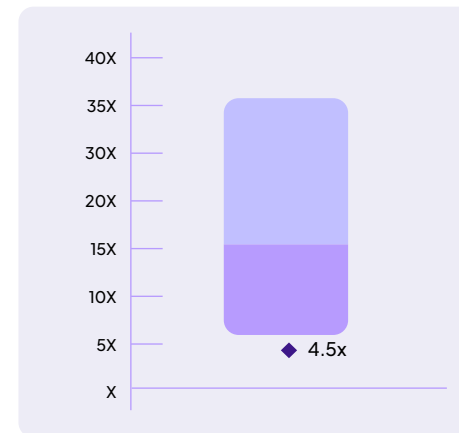
**Fixed pay (salary + pension + benefits)** is positioned above typical practice



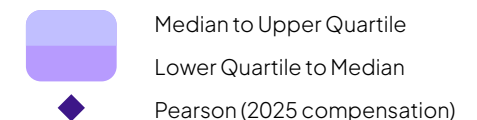
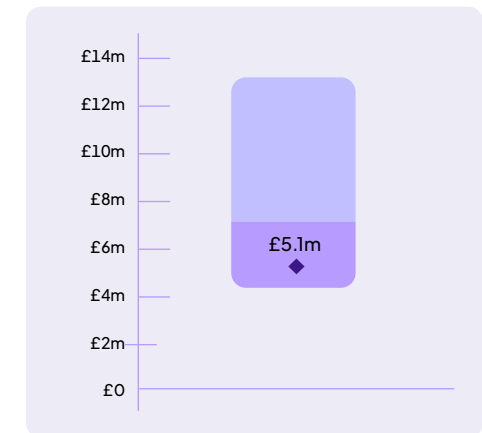
The **AIP opportunity** is positioned close to the median of a relatively narrow market range



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

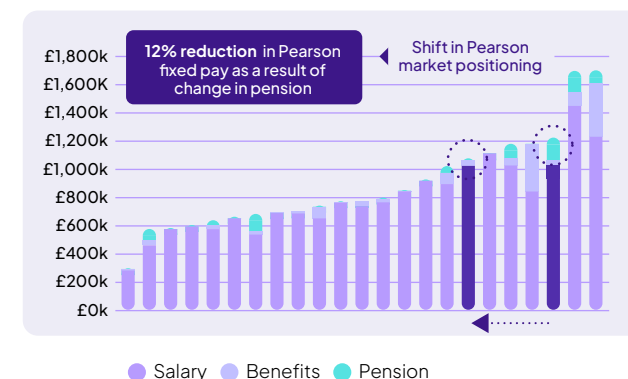
The CEO's total compensation package is currently positioned towards the lower end of the Talent Peer Group. Note that total compensation is shown at target (not maximum) in order to allow a consistent comparison with practice in the Talent Peer Group where restricted share awards are prevalent practice.

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.

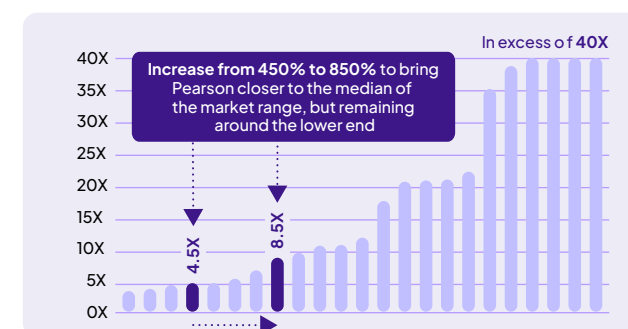
## Proposal reflects our ongoing commitment to performance alignment

- 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.

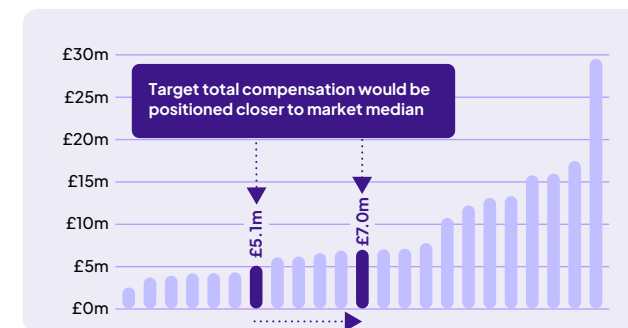
## Talent peer group – total fixed pay (CEO)



## 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:

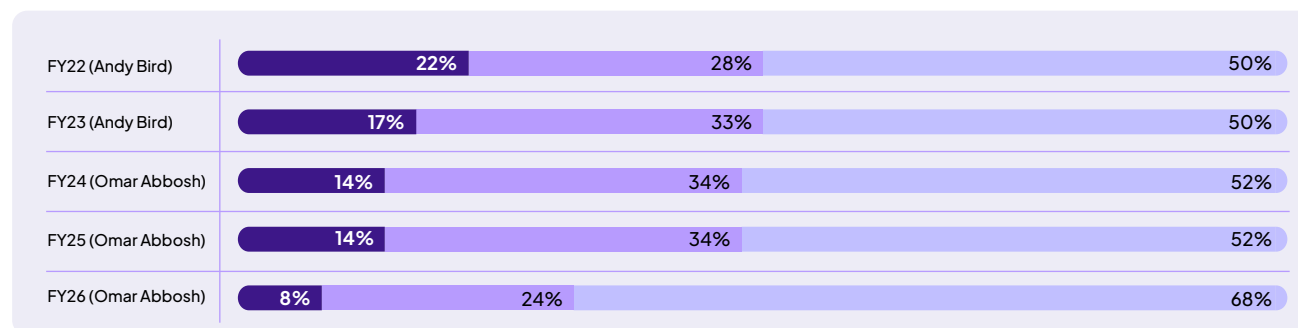
- The CEO’s fixed pay reduced from 14% to 8% of the overall pay mix. This represents the low end of FTSE100 as presented to the right.
- Variable pay increased from 86% to 92% of the overall pay mix and is earned only for delivering against stretching performance targets. This represents the highest 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

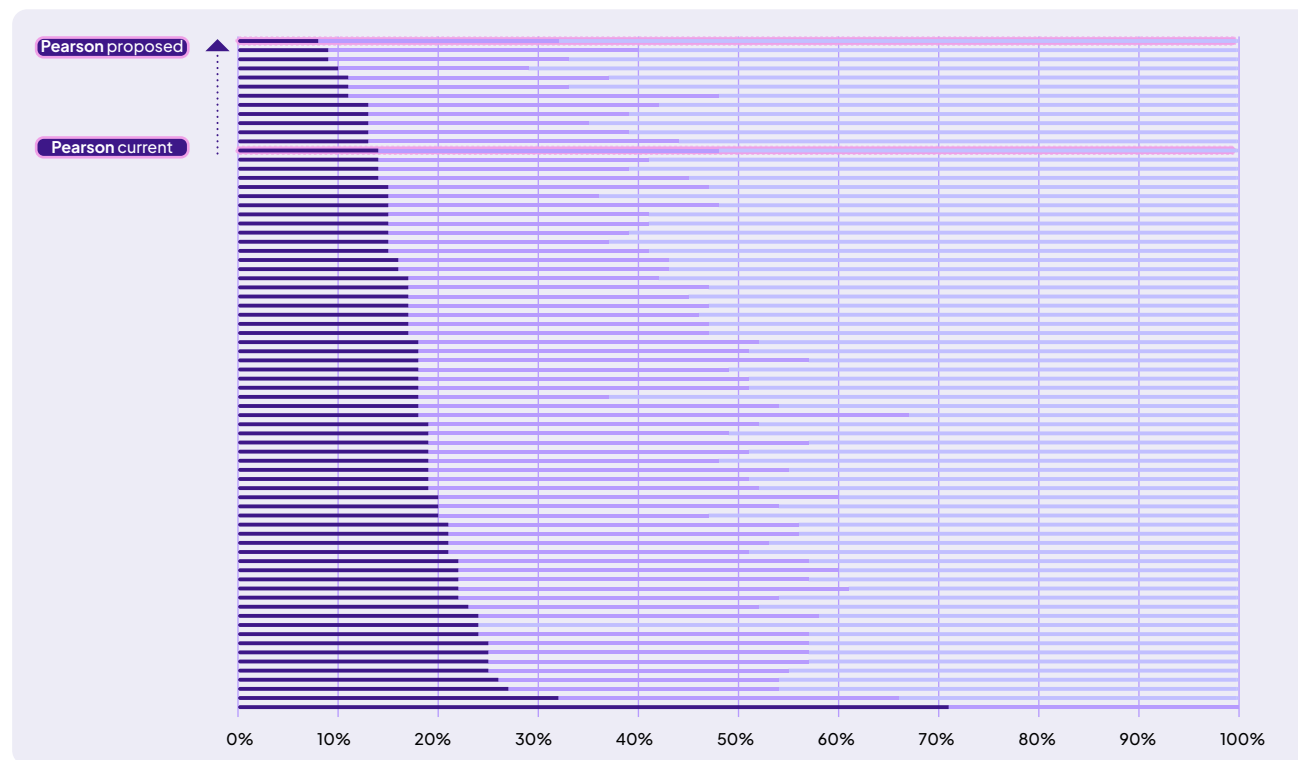


Excludes Co-Investment Award granted to Andy Bird in 2020

● 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.



Directors' Remuneration Committee report *continued*

## 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

£3,577m

4% underlying growth on prior year

## Adj. operating profit

£614m

6% underlying growth on prior year

## Free cash flow

£527m

8% headline growth on prior year

## Adjusted EPS

64.5p

4% headline growth on prior year

## Return on capital

11.3%

+8% on prior year

## Dividend per share

25.2p

5% increase on prior year

## 3 year Total shareholder return

+18.9%

-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%		<b>Formulaic outcome</b>		<b>59.8%</b>
			<b>Committee discretionary adjustment</b>		<b>-9.8%</b>
			<b>Final Outcome</b>		<b>50.0%</b>

## LTIP outcome

	Weighting	Threshold	Stretch	Max	% of total award
Adjusted EPS*	30%	55.0p	64.5p 65.4p	70.6p	18.3%
ROC	30%	8.5%	11.3% 10%	11.5%	28.5%
Relative TSR vs. FTSE100	15%	Median		Upper Quartile	0%
		(36 out of 56)			
Relative TSR vs. S&P500	15%	Median		Upper Quartile	3.2%
		(147 out of 295)			
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%			<b>Final outcome</b>	<b>52.0%</b>

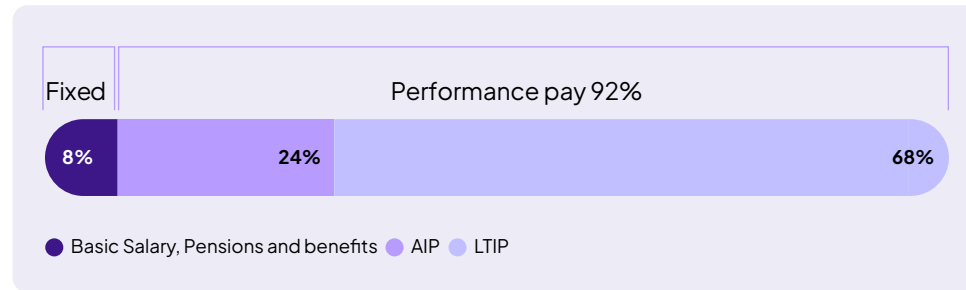
\* The Adjusted EPS target range was adjusted to reflect the impact on the vesting outcome of share buybacks over the performance period.

## 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 from 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%)

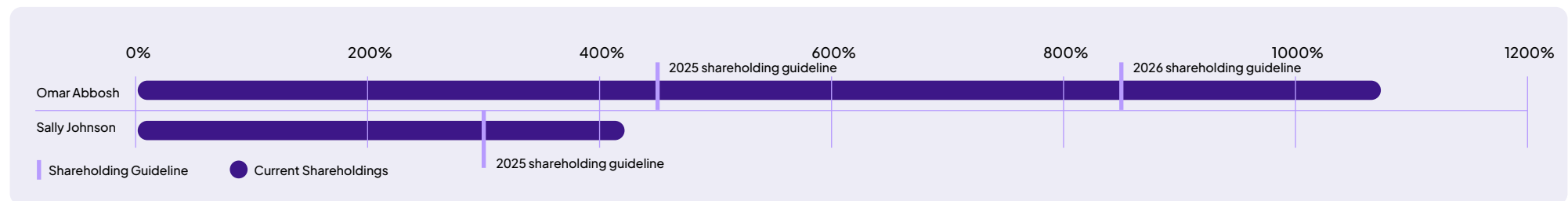
- Introduction of Talent Peer Group increases stretch of TSR benchmarks
- Maximum vesting now also requires upper quintile performance (vs. upper quartile previously)

#### ROC (20%)

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

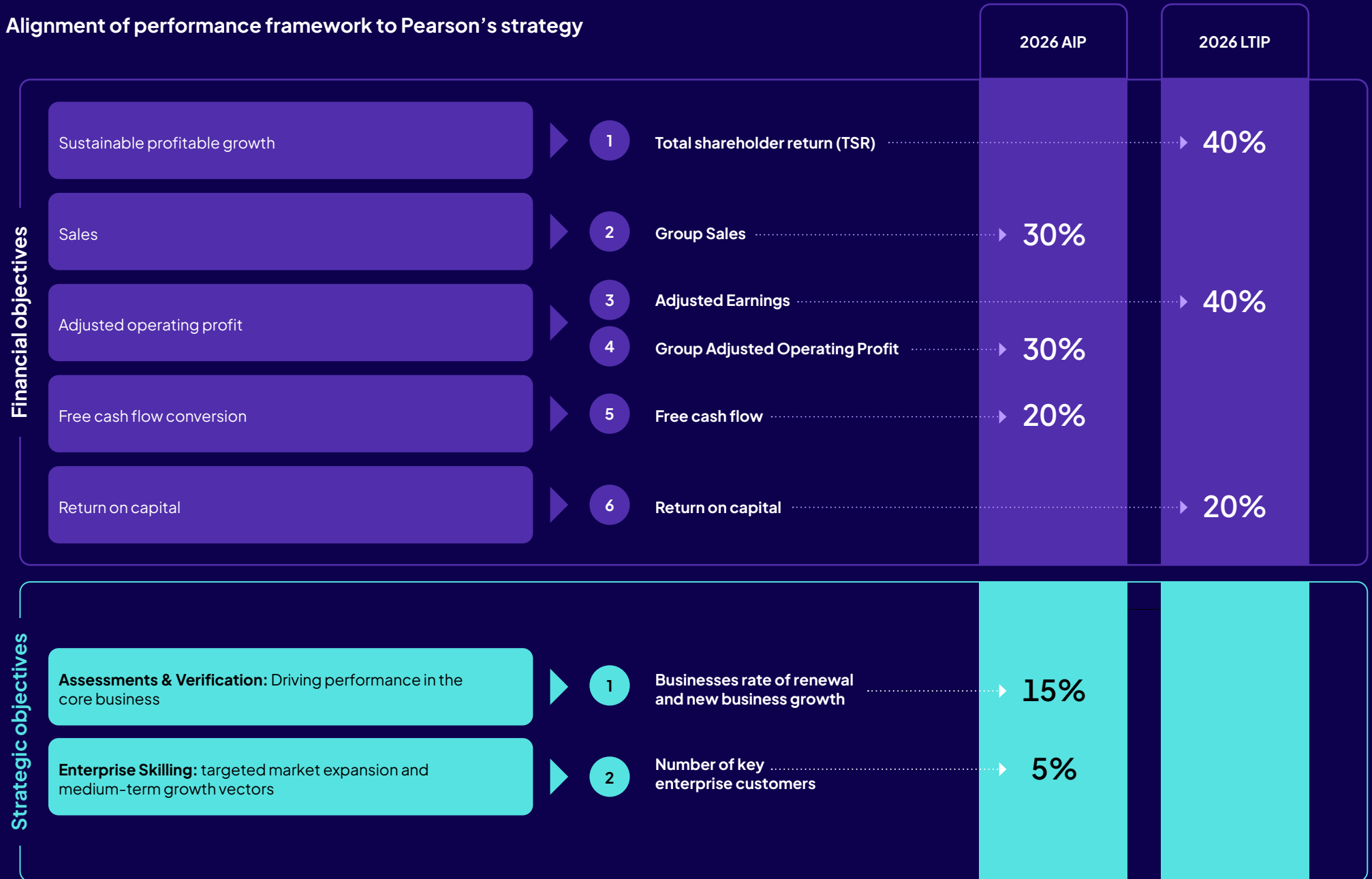
\* Note – targets are expressed in £m as shown on page 131 and are converted here into annualised growth rates to allow comparison

### Executive Director shareholding as at 31 December 2025



Directors' Remuneration Committee report *continued*

### Alignment of performance framework to Pearson's strategy



## 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
<b>Base salary</b>	<ul style="list-style-type: none"> <li>• Base salaries reflect level, role, skills, experience, the competitive market and individual contribution.</li> <li>• 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.</li> </ul>	No changes to policy.
<b>Allowances and benefits</b>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• The Committee may introduce other benefits if it is considered appropriate to do so.</li> </ul>	No changes to policy.
<b>Retirement benefits</b>	<ul style="list-style-type: none"> <li>• Employees in the UK, including Executive Directors, are eligible to join the Money Purchase 2003 Section of the Pearson Pension Plan.</li> <li>• The Committee has discretion to put in place retirement benefit arrangements in line with local market practice.</li> <li>• 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.</li> </ul>	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.
<b>Annual incentive plan</b>	<ul style="list-style-type: none"> <li>• Maximum opportunity of 300% of salary.</li> <li>• Based on the achievement of annual business goals and strategic objectives, with financial metrics accounting for at least 75% of total opportunity.</li> <li>• Payout of 25% of maximum for threshold performance with 50% payable for on-target performance.</li> <li>• Discretion to adjust formulaic outcome where this does not reflect underlying performance.</li> <li>• Awards paid fully in cash except where shareholding guidelines have not been met where a bonus deferral applies.</li> <li>• Malus and clawback provisions apply.</li> </ul>	No changes to policy.
<b>Long-term incentive plan</b>	<ul style="list-style-type: none"> <li>• Policy maximum opportunity of 850% of base salary.</li> <li>• Based on the achievement of financial targets (e.g. adjusted earnings and a return measure), shareholder returns (e.g. relative total shareholder return).</li> <li>• Payout of 20% of maximum for threshold performance.</li> <li>• Discretion to adjust formulaic outcome where this does not reflect underlying performance.</li> <li>• Awards are subject to a post-vesting holding period of two years.</li> <li>• Malus and clawback provisions apply.</li> </ul>	Increase in Chief Executive maximum opportunity to 850%, in line with the maximum policy opportunity. For the 2026 LTIP the maximum opportunities are: <ul style="list-style-type: none"> <li>• 850% of base salary for the Chief Executive</li> <li>• 300% for the Chief Financial Officer<sup>1</sup></li> </ul> 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.

Directors' Remuneration Committee report *continued*

	Key features of the 2026 Directors' Remuneration Policy	Outline of proposed changes for 2026
<b>Shareholding guidelines</b>	<ul style="list-style-type: none"> <li>Shareholding guidelines will be aligned with the prevailing level of LTIP award for the relevant Executive Director.</li> <li>For 2026, the shareholding in-employment guidelines are: <ul style="list-style-type: none"> <li>850% for the Chief Executive</li> <li>300% for the Chief Financial Officer</li> </ul> </li> <li>Post-employment shareholding guidelines apply.</li> </ul>	<p>Increase in current in-employment guidelines for the Chief Executive (850% from 450%). No change for the Chief Financial Officer (300%).</p> <p>Introduce shareholding guidelines that will be aligned with the prevailing level of LTIP award for the relevant Executive Director.</p>
<b>Chair and NED fees</b>	<ul style="list-style-type: none"> <li>To attract and retain high-calibre individuals, with appropriate or industry-relevant skills, by offering market-competitive fee levels.</li> <li>The Chair and Deputy Chair are paid a single fee for all responsibilities.</li> <li>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.</li> <li>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.</li> </ul>	<p>No longer require a minimum of 25% of the Chair, Deputy Chair and Non-Executive Directors' basic fee to be paid in shares.</p>
<b>NED shareholding guidelines</b>	<ul style="list-style-type: none"> <li>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,</li> </ul>	<p>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).</p>

## 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<sup>1</sup>

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<sup>1</sup>

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.

<p><b>1</b></p> <p><b>Aligned to longer-term strategy</b></p> <p>Reward is linked to achieving Pearson's longer-term strategy, growth and sustainability</p>	<p><b>2</b></p> <p><b>Pay for performance</b></p> <p>Remuneration framework and outcomes are aligned with performance</p>	<p><b>3</b></p> <p><b>Market competitive</b></p> <p>Pay levels are market competitive, based on role, grade and contribution, and ensure individuals are fairly rewarded in line with the market</p>	<p><b>4</b></p> <p><b>Targeted differentiation</b></p> <p>We operate targeted differentiation of reward across our employees, linked to talent and performance management</p>	<p><b>5</b></p> <p><b>Tailored</b></p> <p>Our approach to reward is tailored in certain circumstances to address a specific market/business need, and is consistent with our underlying reward philosophy</p>	<p><b>6</b></p> <p><b>One part of the employee value proposition</b></p> <p>Remuneration is one part of our broader employee value proposition – and is not the only reason to work for Pearson</p>
--	---	--	---	---	---

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

# 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

<b>Base salary</b>	Set considering economic factors, competitive market rates, roles, skills, experience and individual performance.								
<b>Allowances and benefits</b>	Reflect the local labour market in which colleagues are based and may include healthcare and well-being benefits.								
<b>Retirement benefits</b>	<p>Reflect local market practice.</p> <p>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.</p>								
<b>Annual incentives</b>	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.								
<b>Share incentives</b>	<p>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.</p> <p>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.</p> <p>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.</p> <div style="margin-top: 10px;"> <table style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="padding: 5px;">Executive Directors</td> <td style="padding: 5px;"><div style="width: 100%; background-color: #4a5568; color: white; text-align: center; padding: 2px;">100% performance shares</div></td> </tr> <tr> <td style="padding: 5px;">Pearson Executive Management</td> <td style="padding: 5px;"><div style="width: 100%; background-color: #4a5568; color: white; text-align: center; padding: 2px;">50% performance shares 50% restricted shares</div></td> </tr> <tr> <td style="padding: 5px;">Managing Directors</td> <td style="padding: 5px;"><div style="width: 100%; background-color: #4a5568; color: white; text-align: center; padding: 2px;">50% performance shares 50% restricted shares</div></td> </tr> <tr> <td style="padding: 5px;">Senior Management</td> <td style="padding: 5px;"><div style="width: 100%; background-color: #4a5568; color: white; text-align: center; padding: 2px;">100% restricted shares</div></td> </tr> </tbody> </table> </div> <p>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.</p>	Executive Directors	<div style="width: 100%; background-color: #4a5568; color: white; text-align: center; padding: 2px;">100% performance shares</div>	Pearson Executive Management	<div style="width: 100%; background-color: #4a5568; color: white; text-align: center; padding: 2px;">50% performance shares 50% restricted shares</div>	Managing Directors	<div style="width: 100%; background-color: #4a5568; color: white; text-align: center; padding: 2px;">50% performance shares 50% restricted shares</div>	Senior Management	<div style="width: 100%; background-color: #4a5568; color: white; text-align: center; padding: 2px;">100% restricted shares</div>
Executive Directors	<div style="width: 100%; background-color: #4a5568; color: white; text-align: center; padding: 2px;">100% performance shares</div>								
Pearson Executive Management	<div style="width: 100%; background-color: #4a5568; color: white; text-align: center; padding: 2px;">50% performance shares 50% restricted shares</div>								
Managing Directors	<div style="width: 100%; background-color: #4a5568; color: white; text-align: center; padding: 2px;">50% performance shares 50% restricted shares</div>								
Senior Management	<div style="width: 100%; background-color: #4a5568; color: white; text-align: center; padding: 2px;">100% restricted shares</div>								

### Directors' Remuneration Committee report *continued*

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 <sup>1</sup> £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
<b>Total fixed pay</b>	<b>1,265</b>	<b>1,216</b>	<b>730</b>	<b>677</b>
Annual incentives	1,533	1,878	-	735
Long-term incentives	-	-	-	1,576
Buy-out award <sup>2</sup>	-	13,276	-	-
<b>Total variable pay</b>	<b>1,533</b>	<b>15,154</b>	<b>-</b>	<b>2,311</b>
<b>Total remuneration</b>	<b>2,798</b>	<b>16,370</b>	<b>730</b>	<b>2,988</b>

- Omar Abbosh was appointed Chief Executive on 8 January 2024.
- 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.
- 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 1/60<sup>th</sup> 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.

Directors' Remuneration Committee report *continued***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.

	% of total	Performance range			Actual results	Payout % of max bonus opportunity
		Threshold (25%)	Target (50%)	Maximum (100%)		
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 <sup>1</sup>	5%	94%	96%	100%	96%	2.5%
Enterprise Skilling – number of key enterprise customers <sup>1</sup>	5%	46	49	55	49	2.5%
	<b>100%</b>			<b>Formulaic outcome</b>		<b>59.8%</b>
				Adjustment		-9.8%
				<b>Final outcome</b>		<b>50.0%</b>

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:

	% of total	Threshold	Performance range			Payout at threshold	Payout at stretch	Payout at maximum	Actual	% achieved	Vesting % of total award
			Stretch	Maximum							
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%	
	<b>100%</b>								<b>Total</b>	<b>52.0%</b>	

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) <sup>1</sup>	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) <sup>2</sup>	Conditional shares subject to performance <sup>3</sup>	Conditional shares subject to employment only <sup>4</sup>	Total number of ordinary and conditional shares	Shareholding as % of salary <sup>5</sup>	Shareholding requirement met?
<b>Executive Directors</b>						
Omar Abbosh	805,779	865,911	472,952	2,144,642	1,077%	Yes
Sally Johnson	250,602	544,858	-	795,460	421%	Yes
<b>Non-Executive Directors</b>						
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			2024		
	Total fees	Taxable benefits	Total	Total Fees	Taxable benefits	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](mailto: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

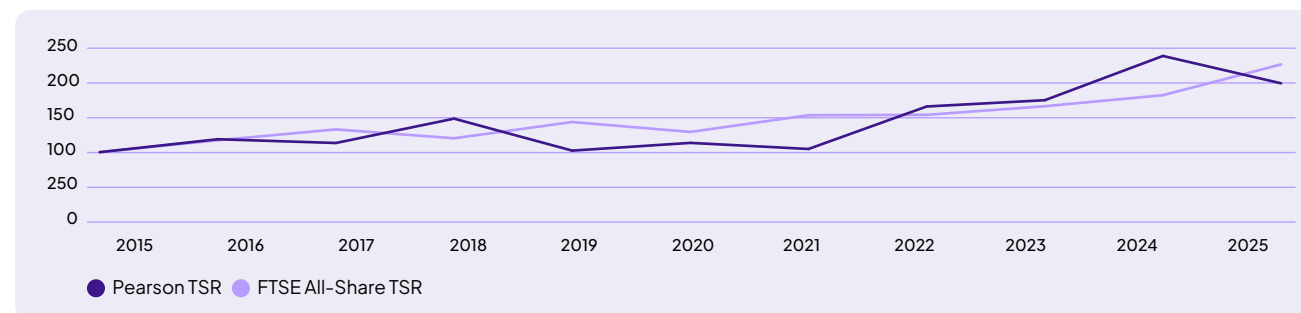
Our current Executive Directors hold the following external commitments: Sally Johnson is a Non-Executive Director of Rentokil Initial plc and Chair of its Audit Committee.

## 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	<b>2,798</b>
Annual incentive (% of maximum)	24%	44%	45%	Nil	Nil	N/A	63%	76%	85%	64%	64%	<b>50%</b>
Long-term incentive (% of maximum)	Nil	Nil	42%	33%	Nil	N/A	N/A	N/A	85%	75%	N/A	<b>N/A</b>

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	<b>2.5%</b>
Executive or discretionary plans	<b>0.4%</b>
Shares held in trust	<b>0.1%</b>

Directors' Remuneration Committee report *continued*

## 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	
<b>Average employee<sup>1</sup></b>	<b>3%</b>	<b>4%</b>	<b>8%</b>	5%	12%	-5%	2%	6%	22%	4%	8%	16%	4%	17%	38%	
<b>Executive Directors</b>																
Omar Abbosh <sup>2</sup>	<b>4%</b>	<b>11%</b>	<b>-18%</b>	-	-	-	-	-	-	-	-	-	-	-	-	
Sally Johnson	<b>7%</b>	<b>48%</b>	<b>-100%</b>	3%	0%	-22%	4%	1%	37%	2.5%	0%	24%	1%	-	-	
<b>Chair and Non-Executive Directors<sup>3</sup></b>																
Omid Kordestani	<b>0%</b>	<b>-62%</b>	-	0%	-35%	-	0%	78%	-	-	-	-	-	-	-	
Sherry Coutu CBE	<b>0%</b>	<b>-20%</b>	-	0%	-24%	-	6%	119%	-	9%	-	-	5%	-	-	
Alison Dolan	<b>3%</b>	<b>-63%</b>	-	14%	-	-	-	-	-	-	-	-	-	-	-	
Alex Hardiman	<b>1%</b>	<b>199%</b>	-	19%	-39%	-	-	-	-	-	-	-	-	-	-	
Arden Hoffman	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Esther Lee	<b>5%</b>	<b>30%</b>	-	0%	-52%	-	3%	122%	-	-	-	-	-	-	-	
Costis Maglaras	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Graeme Pitkethly	<b>15%</b>	<b>84%</b>	-	44%	22%	-	8%	23%	-	5%	-	-	1%	-	-	
Annette Thomas	<b>2%</b>	<b>85%</b>	-	2%	-51%	-	12%	102%	-	7%	-	-	-	-	-	
Lincoln Wallen	<b>1%</b>	<b>115%</b>	-	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 25<sup>th</sup>, 50<sup>th</sup> and 75<sup>th</sup> percentiles (as identified by the gender pay gap methodology) in Great Britain's (GB) workforce.

Year	Method	Chief Executive pay ratio		
		25 <sup>th</sup> percentile	50 <sup>th</sup> percentile	75 <sup>th</sup> percentile
<b>2025</b>	<b>B: Gender pay gap methodology</b>	<b>70.3</b>	<b>51.6</b>	<b>36.2</b>
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 25<sup>th</sup>, 50<sup>th</sup> and 75<sup>th</sup> 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 25<sup>th</sup>, 50<sup>th</sup> or 75<sup>th</sup> percentile had share awards vesting in 2025.
- Total remuneration figures for the 25<sup>th</sup>, 50<sup>th</sup> and 75<sup>th</sup> 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.

All figures in £	2025	2024	Headline change	
			£m	%
Adjusted operating profit	<b>614</b>	600	14	2%
Dividends	<b>160</b>	156	4	3%
Dividend per share	<b>25.2p</b>	24.0p	1.2p	5%
Share buybacks <sup>1</sup>	<b>352</b>	318	34	11%
Total wages and salaries <sup>2</sup>	<b>1,203</b>	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.

Directors' Remuneration Committee report *continued*

## The Remuneration Committee in 2025

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

## 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

## 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.

Directors' Remuneration Committee report *continued*

## 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
<p>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.</p> <p>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.</p>	<p>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.</p> <p>However, increases may be above this level, for example, in circumstances including but not limited to:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• Where an Executive Director has been promoted or has had a change in responsibilities.</li> <li>• 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</li> </ul>	<p>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.</p>

## Allowance and Benefits

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

Operation	Opportunity	Performance conditions and period
<p>Allowances and benefits comprise cash allowances and non-cash benefits which may include:</p> <ul style="list-style-type: none"> <li>• travel-related benefits (such as car allowance, company car and private use of a driver)</li> <li>• health-related benefits (such as healthcare, health assessment and gym subsidy) and</li> <li>• risk benefits (such as additional life cover and long-term disability insurance that are not covered by the company's retirement plans).</li> </ul> <p>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.</p> <p>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.).</p> <p>Where necessary any benefits may be grossed up for taxes.</p> <p>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.</p>	<p>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.</p>	<p>Not applicable</p>

## 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
<p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p>	<p>Not applicable</p>

Directors' Remuneration Committee report *continued*

## 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
<p>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.</p> <p>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.</p> <p>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.</p> <p>Participants may receive additional shares representing the gross value of dividends that would have been paid on shares that vest during the vesting period.</p> <p>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.</p>	<p>Annual incentives will not exceed 300% of base salary.</p> <p>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.<sup>1</sup></p>	<p>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.</p> <p>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.</p> <p>The plan is designed to incentivise and reward underlying performance.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>The performance period is one year.</p>

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
<p>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.</p> <p>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.</p> <p>Participants may receive additional shares representing the gross value of dividends that would have been paid on shares that vest during the performance period.</p> <p>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.</p> <p>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.</p>	<p>The maximum award is 850% of base salary in respect of a financial year.</p> <p>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.<sup>1</sup></p>	<p>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.</p> <p>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.</p> <p>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).</p> <p>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.</p> <p>The performance period is three years.</p>

## 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
<p>Executive Directors are expected to build up a shareholding in the company.</p> <p>Executive Directors are expected to reach the guideline within five years from the date of appointment.</p> <p>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.</p>	<p>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.</p>	<p>Not applicable</p>

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.

<b>Annual incentive plan</b>	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.
<b>Long-term incentive plan</b>	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: <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> </ul>

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.

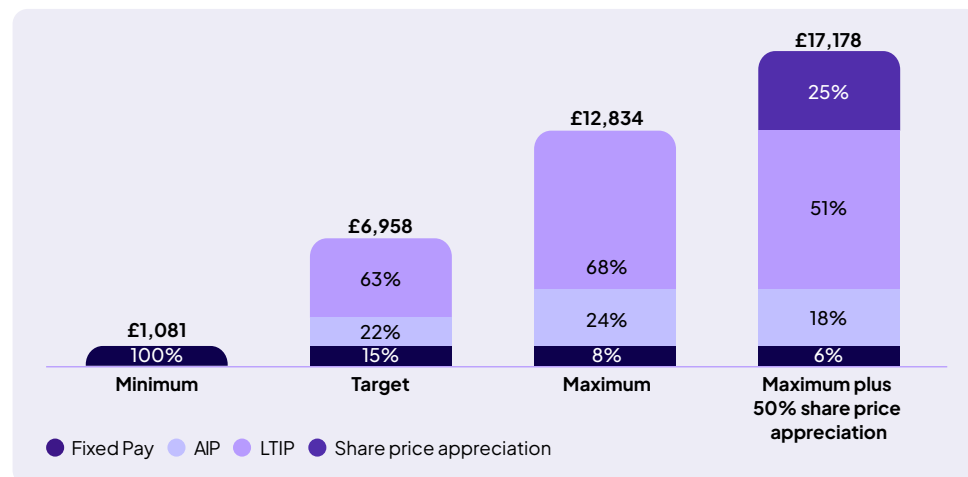
### Remuneration policy for other employees

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.

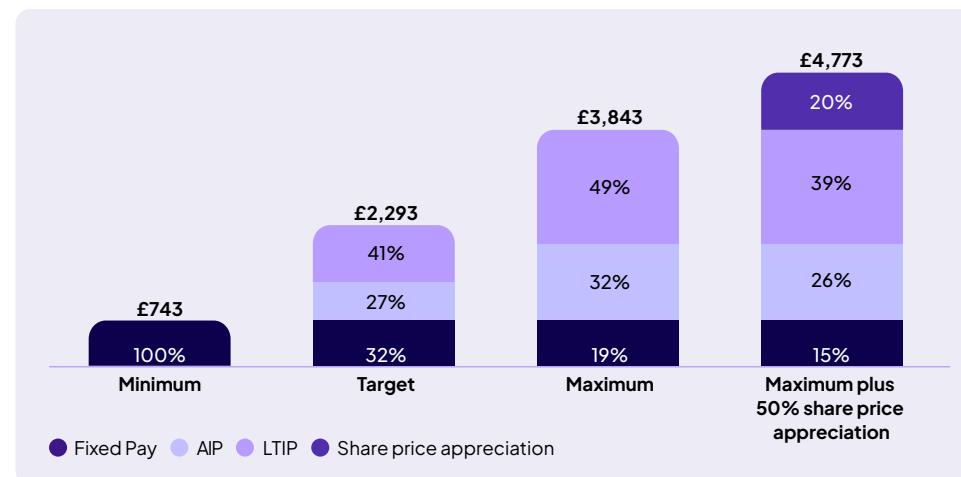
Further details on remuneration across the workforce at Pearson are set out in the remuneration report on page 133.

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
<b>Maximum plus 50% share price appreciation</b>	<ul style="list-style-type: none"> <li>Fixed pay</li> <li>Maximum individual annual incentive (300% of base salary for Chief Executive and 200% of salary for Chief Financial Officer)</li> <li>Maximum value of 2026 LTIP award (850% for Chief Executive and 300% of salary for Chief Financial Officer) with 50% share price growth assumed</li> </ul>
<b>Maximum</b>	<ul style="list-style-type: none"> <li>Fixed pay</li> <li>Maximum individual annual incentive (300% of base salary for Chief Executive and 200% of salary for Chief Financial Officer)</li> <li>Maximum value of 2026 LTIP award (850% for Chief Executive and 300% of salary for Chief Financial Officer) with no share price growth assumed</li> </ul>
<b>Target</b>	<ul style="list-style-type: none"> <li>Fixed pay</li> <li>50% of the maximum individual annual incentive</li> <li>50% of the maximum value of 2026 long-term incentive award with no share price growth assumed</li> </ul>
<b>Minimum</b>	<ul style="list-style-type: none"> <li>Fixed pay only</li> </ul>

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.

## Directors' Remuneration Committee report *continued*

### 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
<b>Chair</b>	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
<b>Executive Directors</b>	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.

### Directors' Remuneration Committee report *continued*

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
<p>The Chair and Deputy Chair are paid a single fee for all of their responsibilities.</p> <p>The Chair and Deputy Chair fee is set at a level that is competitive considering similar positions in comparable companies.</p> <p>The Non-Executive Directors are paid a basic fee.</p> <p>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.</p> <p>Additional fees or other payments may be paid to reflect additional responsibilities, roles or contribution, as appropriate.</p> <p>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.</p> <p>The company reimburses travel and other business expenses and any tax incurred thereon, if applicable.</p> <p>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.</p>	<p>Fee levels are reviewed on a periodic basis.</p>	<p>None</p>

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

# Additional disclosures

The Directors' report for the year ended 31 December 2025 is on pages 70–157 of this document.

Set out below is other statutory and regulatory information that Pearson is required to disclose in its Directors' report.

## Going concern

The Directors have confirmed that there are no material uncertainties that cast doubt on the Group's going concern status and that they have a reasonable expectation that the Group has adequate resources to continue in operational existence beyond 30 June 2027. The consolidated financial statements have therefore been prepared on a going concern basis.

Further details on the procedures undertaken may be found on page 182.

## Viability statement

The Board assessed the prospects of the company using the company's long-range plan. Viability was assessed by considering downside scenarios. Based on the result of these procedures and considering the company's strong balance sheet, the Directors have a reasonable expectation that Pearson will be able to continue in operation and to meet its liabilities as they fall due over the five-year period ending 31 December 2030. Further details may be found on page 69.

## Share capital

Details of share issues and cancellations are given in note 27 to the financial statements on page 217–218. The company has a single class of shares which is divided into ordinary shares of 25p each. The ordinary shares are in registered form. As at 31 December 2025, 635,814,880 ordinary shares were in issue. At the AGM held on 2 May 2025, the company was authorised, subject to certain conditions, to acquire up to 66,657,551 ordinary shares by market purchase and to issue up to 444,383,672 ordinary shares. This authorisation will expire at the close of the AGM on 1 May 2026 or 18 months from the date of the 2025 AGM (whichever is earlier). Shareholders will be asked to renew these authorities, subject to revised caps, at the AGM on 1 May 2026. As at 31 December 2025, 40,264,292 ordinary shares remained under the authority granted at the 2025 AGM.

As at 9 March 2026, 2,112 record holders with registered addresses in the United States held 30,674,553 ADRs which represented 4.87% of the company's outstanding ordinary shares. Some of these ADRs are held by nominees and so these numbers may not accurately represent the number of shares beneficially owned in the United States.

## Share buyback

On 18 March 2025, the company launched a £350m share buyback programme. The programme completed on 10 November 2025 and approximately 32m shares were bought back and cancelled at a cost of £352m. The nominal value of these shares, approximately £8m, was transferred to the capital redemption reserve.

On 21 January 2026, the company announced a further £350m share buyback programme. The programme launched on 21 January 2026 and is expected to end on or before 29 May 2026. The repurchased shares will be cancelled and the nominal value of the shares will be transferred to the capital redemption reserve.

The Board believes that the company's strategic priorities, combined with the disciplined approach to capital allocation, will enable Pearson to create sustainable, long-term value for every stakeholder.

We have set out clear capital allocation priorities as follows:

- Maintaining a strong balance sheet and solid investment-grade credit ratings through an appropriate capital structure
- Focused and disciplined approach to investing in the business to accelerate growth opportunities
- Delivering shareholder returns through a progressive and sustainable dividend policy
- Returning surplus cash to shareholders as and when appropriate through buybacks or special dividends

## Major shareholders

Information provided to the company pursuant to the Financial Conduct Authority's Disclosure Guidance and Transparency Rules (DTR) is published on a Regulatory Information Service and on the company's website.

As at 31 December 2025, the company had been notified under DTR 5 of the following holders of significant voting rights in its shares.

	Number of voting rights	Percentage as at date of notification
Cevian Capital II GP Limited	90,120,099	14.17%
BlackRock, Inc. <sup>1</sup>	63,894,697	9.96%
Artisan Partners Limited Partnership	33,783,078	5.04%
Libyan Investment Authority <sup>2</sup>	24,431,000	3.01%

1. Includes 11,934,078 (1.85%) qualifying financial instruments to which voting rights are attached.
2. Based on notification to the company dated 7 June 2010. We have not been notified of any change to this holding since that date. Assets belonging to, or owned, held or controlled on 16 September 2011 by the Libyan Investment Authority and located outside Libya on that date, are frozen in accordance with The Libya (Sanctions) (EU Exit) Regulations 2020.

Between 31 December 2025 and 9 March 2026, being the latest practicable date before the publication of this report, the company received further notifications under DTR 5, with the most recent position being as follows:

	Number of voting rights	Percentage as at date of notification
Cevian Capital II GP Limited	114,944,951	18.09%
Artisan Partners Limited Partnership	63,821,238	10.11%

## Annual general meeting

The notice convening the AGM, to be held at 10:30am on Friday, 1 May 2026 at 80 Strand, London WC2R 0RL, is contained in a circular to shareholders to be dated 26 March 2026.

## Registered auditors

In accordance with section 489 of the Companies Act 2006 (the Act), a resolution proposing the re-appointment of Ernst & Young LLP as auditors to the company will be proposed at the AGM, at a level of remuneration to be agreed by the Audit Committee.

Additional disclosures *continued*

## Amendment to Articles of Association

Any amendments to the Articles of Association of the company (the Articles) may be made in accordance with the provisions of the Act by way of a special resolution.

## Rights attaching to shares

The rights attaching to the ordinary shares are defined in the Articles. A shareholder whose name appears on the company's register of members can choose whether their shares are evidenced by share certificates (i.e. in certificated form) or held electronically (i.e. uncertificated form) in CREST (the electronic settlement system in the UK).

Subject to any restrictions below, shareholders may attend any general meeting of the company and, on a show of hands, every shareholder (or his/her representative) who is present at a general meeting has one vote on each resolution and, on a poll, every shareholder (whether an individual or a corporation) present in person or by proxy shall have one vote for every 25p of nominal share capital held. A resolution put to the vote at a general meeting held partly by means of electronic facility or facilities shall, unless the chair of the meeting determines that it shall be decided on a show of hands, be decided on a poll. Subject to this, at any general meeting, a resolution put to the vote at the meeting shall be decided on a show of hands, unless before, or on the declaration of the result of, a vote on a show of hands, a poll is demanded. A poll can be demanded by the chair of the meeting, or by at least three shareholders (or their representatives) present in person and having the right to vote, or by any shareholders (or their representatives) present in person having at least 10% of the total voting rights of all shareholders, or by any shareholders (or their representatives) present in person holding ordinary shares on which an aggregate sum has been paid up of at least 10% of the total sum paid up on all ordinary shares. At this year's AGM, voting will again be conducted on a poll, consistent with best practice.

Shareholders can declare a final dividend by passing an ordinary resolution but the amount of the dividend cannot exceed the amount recommended by the Board. The Board can pay interim dividends on any class of shares of the amounts and on the dates and for the periods it decides. In all cases, the distributable profits of the company must be sufficient to justify the payment of the relevant dividend.

The Board may, if authorised by an ordinary resolution of the shareholders, offer any shareholder the right to elect to receive new ordinary shares, which will be credited as fully paid, instead of their cash dividend.

Any dividend which has not been claimed for eight years after it became due for payment will be forfeited and will then belong to the company, unless the Directors decide otherwise. We are currently conducting a shareholder tracing programme with Georgeson. For more information please visit [plc.pearson.com/investors/shareholders/shares-shareholding](http://plc.pearson.com/investors/shareholders/shares-shareholding).

If the company is wound up, the liquidator can, with the sanction of a special resolution passed by the shareholders, divide among the shareholders *in specie* all or any part of the assets of the company and can value assets and determine how the division shall be carried out as between the shareholders or different classes of shareholders.

The liquidator can also, with the same sanction, transfer the whole or any part of the assets to trustees upon such trusts for the benefit of the shareholders.

## Voting at general meetings

Any form of proxy sent by the shareholders to the company in relation to any general meeting must be delivered to the company (via its registrars), whether in written or electronic form, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the appointment proposes to vote.

The Board may decide that a shareholder is not entitled to attend or vote either personally or by proxy at a general meeting or to exercise any other right conferred by being a shareholder if they or any person with an interest in shares has been sent a notice under section 793 of the Act (which confers upon public companies the power to require information with respect to interests in their voting shares) and they or any interested person failed to supply the company with the information requested within 14 days after delivery of that notice.

The Board may also decide, where the relevant shareholding comprises at least 0.25% of the nominal value of the issued shares of that class, that no dividend is payable in respect of those default shares and that no transfer of any default shares shall be registered unless the shareholder is not themselves in default as regards supplying the information requested and the transfer, when presented for registration, is accompanied

by a certificate from the shareholder in such form as the Board of Directors may require to the effect that after due and careful inquiry, the shareholder is satisfied that no person in default is interested in any of the ordinary shares which are being transferred, or the transfer is an approved transfer as defined in the Articles, or the registration of the transfer is required by the Uncertificated Securities Regulations 2001.

Pearson operates an employee benefit trust to hold shares, pending employees becoming entitled to them under the company's employee share plans. There were 725,025 shares held as at 31 December 2025. The trust has an independent trustee which has full discretion in relation to the voting of such shares. A dividend waiver operates on the shares held in the trust.

Pearson also operates nominee shareholding arrangements which hold shares on behalf of employees. As at 31 December 2025, there were 1,919,412 shares held in the Corporate Sponsored Nominee account administered by Computershare Investor Services PLC. The beneficial owners of shares held in the Corporate Sponsored Nominee are invited to submit voting instructions online at <http://www.investorcentre.co.uk/eproxy>. If no instructions are given by the beneficial owner by the date specified, the trustees holding these shares will not exercise the voting rights.

## Transfer of shares

The Board may refuse to register a transfer of a certificated share which is not fully paid, provided that the refusal does not prevent dealings in shares in the company from taking place on an open and proper basis. The Board may also refuse to register a transfer of a certificated share unless: (i) the instrument of transfer is lodged, duly stamped (if stampable) or duly certified or otherwise shown to the satisfaction of the Board to be exempt from stamp duty, at the registered office of the company or any other place decided by the Board, and is accompanied by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; (ii) it is in respect of only one class of shares; and (iii) it is in favour of not more than four transferees.

Transfers of uncertificated shares must be carried out using CREST and the Board can refuse to register a transfer of an uncertificated share in accordance with the regulations governing the operation of CREST.

## Variation of rights

If at any time the capital of the company is divided into different classes of shares, the special rights attaching to any class may be varied or revoked either:

- i. with the written consent of the holders of at least 75% in nominal value of the issued shares of the relevant class; or
- ii. with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the relevant class.

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, any share may be issued with such preferred, deferred or other special rights, or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the company may from time to time by ordinary resolution determine.

## Appointment and replacement of Directors

The Articles contain the following provisions in relation to Directors.

Directors shall be no less than two in number. Directors may be appointed by the company by ordinary resolution or by the Board.

A Director appointed by the Board shall hold office only until the next AGM and shall then be eligible for re-appointment. The Board may from time to time appoint one or more Directors to hold Executive office with the company for such period (subject to the provisions of the Act) and upon such terms as the Board may decide and may revoke or terminate any appointment so made.

The Articles provide that, at every AGM of the company, every Director shall retire from office and, unless not willing to act, be eligible for re-appointment.

If a Director is not re-appointed, they shall, subject to the Articles, retain office until the meeting appoints someone in their place, or, if it does not do so, until the end of the meeting, or, if the meeting is adjourned, the end of the adjourned meeting. Where a Director has been appointed after notice of the AGM has been given, that Director shall retire at the next AGM of which notice is first given after their appointment as Director.

If there is an insufficient number of appointed or re-appointed Directors at any of the company's AGMs thus rendering the Board inquorate, all Directors shall be automatically re-appointed only for the purposes of filling vacancies and convening general meetings of the company and to perform such duties as are appropriate to maintain the company as a going concern and to enable it to comply with its legal and regulatory obligations. The Directors are required to convene a further general meeting of the company as soon as reasonably practicable to allow new Directors to be appointed, and such Directors who were not appointed at the original general meeting shall subsequently retire.

The company may by ordinary resolution remove any Director before the expiration of their term of office. In addition, the Board may terminate an agreement or arrangement with any Director for the provision of their services to the company.

## Powers of the Directors

Subject to the Articles, the Act and any directions given by special resolution, the business of the company will be managed by the Board which may exercise all the powers of the company, including powers relating to the issue and/or buying back of shares by the company (subject to authorisation, and any statutory restrictions or restrictions imposed by shareholders in a general meeting).

## Directors' indemnities

A qualifying third-party indemnity (QTPI), as permitted by the Articles and sections 232 and 234 of the Act, has been granted by the company to each of its Directors. Under the provisions of the QTPI, the company undertakes to indemnify each Director against liability to third parties (excluding criminal and regulatory penalties) and to pay Directors' costs as incurred, provided that they are reimbursed to the company if the Director is found guilty, the court refuses to grant the relief sought or, in an action brought by the company, judgement is given against the Director. The indemnity has been in force for the financial year ended 31 December 2025 and is currently in force. The company has purchased and maintains Directors' and Officers' insurance cover against certain legal liabilities and costs for claims in connection with any act or omission by such Directors and Officers in the execution of their duties.

## Significant agreements

The following significant agreements contain provisions entitling the counterparties to exercise termination or other rights in the event of a change of control of the company.

As at 31 December 2025, the Group's two principal bank facilities (the \$1bn revolving credit facility (RCF) agreement, and the subsequently executed \$800m RCF agreement) allowed that upon a change of control of the company, any participating bank may require any outstanding advances, together with accrued interest and any other amounts payable in respect of either such facility, and its commitments, to be cancelled, each within 55 days of notification to the banks by the agent. The \$1bn facility was undrawn at year end and the \$800m facility was £300m drawn at year end. The Group's outstanding fixed rate notes (see note 18 Borrowings for more information) also contain a provision requiring that, in the event of a change of control which leads to a downgrade in credit rating below Baa3 (Moody's) or BBB- (Fitch Ratings), the issuing company, Pearson Funding plc, is required to make an offer to investors to repurchase outstanding instruments at par plus accrued interest, which investors are not obliged to accept.

For these purposes, a 'change of control' occurs if the company becomes a subsidiary of any other company, or one or more persons acting either individually or in concert obtains control (as defined in section 1124 of the Corporation Tax Act 2010) of the company.

Shares acquired through the company's employee share plans rank *pari passu* with shares in issue and have no special rights. For legal and practical reasons, the rules of these plans set out the consequences of a change of control of the company.

Additional disclosures *continued*

## Other statutory information

Other information that is required by the Act and by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) to be included in the Directors' report, and which is incorporated by reference, can be located as follows:

Summary disclosures index	See more
Dividend recommendation	page 31
Financial instruments and financial risk management	page 206
Important events since year end	page 224
Future development of the business	pages 10-11
Research and development activities	page 16
Employment of disabled persons	page 42
Employee involvement	page 40
Greenhouse gas emissions and energy consumption data	page 50
Statement describing employee engagement	page 21
Statement describing regard to suppliers, customers and other stakeholders' interests	page 22

With the exception of the dividend waiver described on page 154, there is no information to be disclosed in accordance with UK Listing Rule 6.6.1.

No political donations or contributions were made or expenditure incurred by the company or its subsidiaries during the year.

Our disclosures are consistent with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and are set out on pages 45-49.

## Fair, balanced and understandable reporting and disclosure of information

As required by the UK Corporate Governance Code, we have established arrangements to ensure that all information we report to investors and regulators is fair, balanced and understandable. In making its assessment, the Board pays particular attention to a set of criteria recommended by the Financial Reporting Council, including the use of straightforward language, focus on content that is important to investors and exclusion of irrelevant information.

A process and timetable for the production and approval of this year's annual report and accounts was agreed by the Board at its meeting in December 2025. The full Board then had the opportunity to review and comment on the report as it progressed.

The Audit Committee is available to advise the Board on certain aspects of the annual report and accounts, to enable the Directors to fulfil their responsibility in this regard. As part of supporting the Board in this regard, the Audit Committee considers a report evidencing how the fair, balanced and understandable criteria are satisfied throughout the annual report and accounts.

Following their review, and taking into account a recommendation by the Audit Committee, the Directors consider that the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's position, performance, business model and strategy.

Representatives from the Financial Reporting, Strategy, Investor Relations, Communications, Sustainability, Company Secretarial, Legal, Internal Audit, Risk, HR and Reward teams are involved in the preparation and review of the annual report to ensure a cohesive and balanced approach and, as with all of our financial reporting, a thorough verification of narrative and financial statements is conducted. We also have procedures in place to ensure the timely release of inside information, through our Market Disclosure Committee.

The Directors also confirm that, for each Director in office at the date of this report:

- so far as the Director is aware, there is no relevant audit information of which the Group and company's auditors are unaware
- they have taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Group and the company's auditors are aware of that information

## Streamlined Energy and Carbon Reporting (SECR)

In line with the requirements set out in the UK Government's guidance on Streamlined Energy and Carbon Reporting, the following data points representing Pearson's energy use and associated GHG emissions from electricity and fuel can be found on page 51 in the Sustainability section of this report:

- Annual global and UK GHG emissions from activities for which the company is responsible, including combustion of fuel and operation of any facility, and the annual emissions from the purchase of electricity, heat, steam or cooling by the company for its own use
- Underlying global and UK energy use
- Energy use and GHG emissions figures from previous year
- Emissions intensity ratio
- Energy efficiency measures taken throughout the year

Our performance metrics have been calculated with reference to the Greenhouse Gas Protocol, and externally verified. The external verification statement can be found here:

<https://plc.pearson.com/en-GB/sustainability/our-sustainability-reporting>

## Directors in office

The following Directors were in office during the year and up to the date of approval of these financial statements:

O P Abbosh	
S L Coutu	
A A Dolan	
A H Hardiman	
A M Hoffman	appointed on 1 June 2025
S K M Johnson	
O Kordestani	
E S Lee	
C Maglaras	appointed on 1 November 2025
G D Pitkethly	
A C Thomas	
L A Wallen	retired on 31 December 2025

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

**Graeme Baldwin**  
Company Secretary