

## Strategic framework

# An integrated strategy

### Overview summary

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. To do this, we are leveraging the strength of our brand and depth of our thought leadership to execute a simple but powerful strategy built on three interconnected pillars: (i) unlocking value from our core business, (ii) driving execution synergies, and (iii) capitalising on medium-term growth vectors.

We have a strong **core business** in Assessments & Verification, which is a significant part of our business today. By focusing on organic growth and performance management, we will continue to drive value by scaling our presence across multiple verticals and solution types. We are also prioritising targeted market expansion via capital allocation to faster growth segments and driving operational performance through areas ranging from sales, to sales operations, go-to-market execution and process optimisation, all leveraging the power of AI.

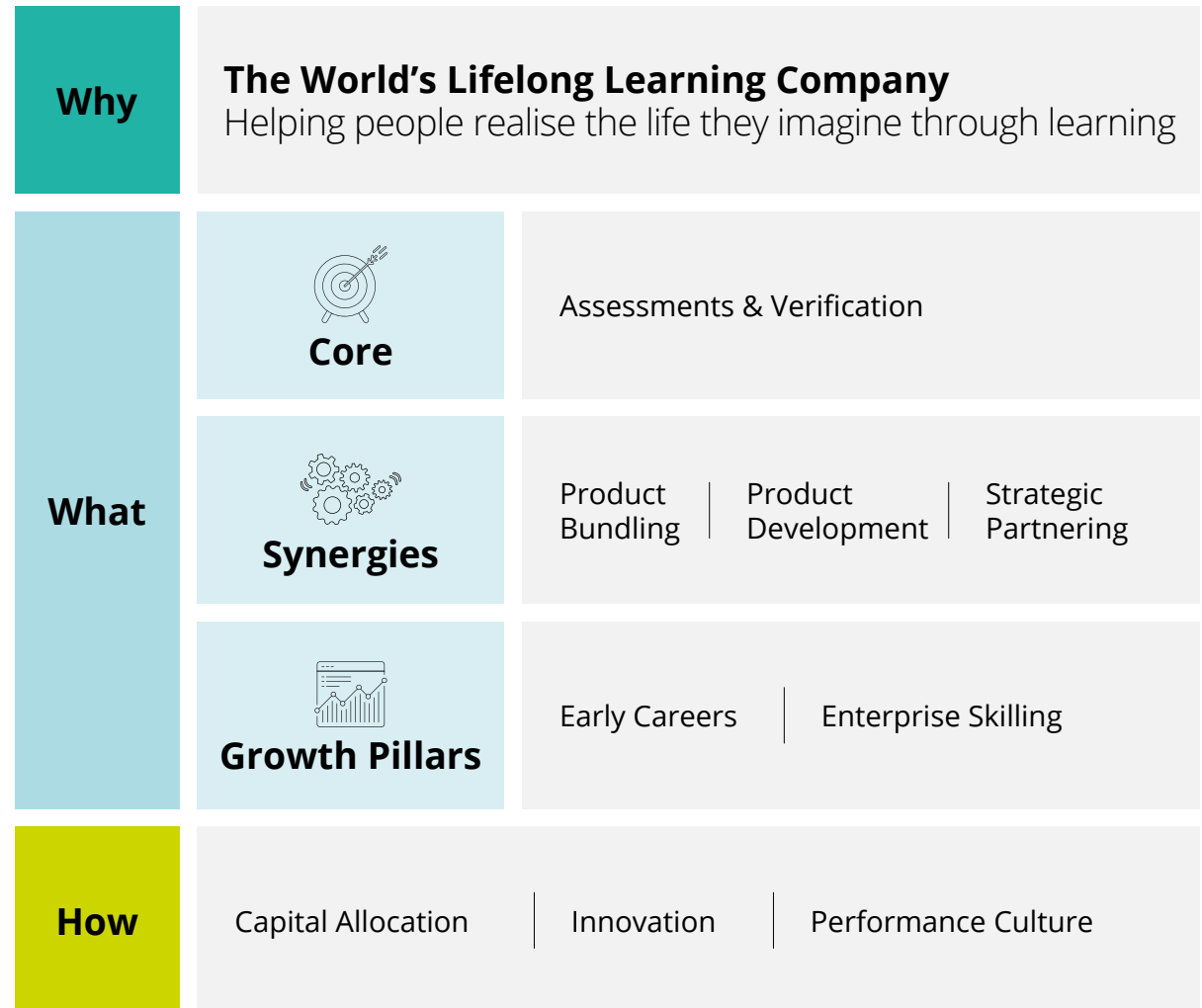
In addition to this focus, we will unlock additional value through execution-based **synergies** across all our business units, specifically from bundling products and services, a modern approach to software and product development, and a focus on strategic partnerships.

Finally, we will drive incremental **growth** by building on two critical growth vectors: demographic shifts and the expansion of AI, which we'll capture through additional solutions for Early Careers and Enterprise Skilling.

In Early Careers, we see a strong need for new approaches and alliances for talent development, based around career and technical education and apprenticeships, along with partnerships with educational institutions and enterprises. We continue to see the Enterprise Skilling market as significant, and we have several relevant capabilities that will scale through expanded go-to-market capabilities.

We will support these strategies through several operational enhancements. First, we have established a capital allocation approach that will invest more quickly into higher-growth segments and contribute to a higher, more sustained growth rate for the business over time. Second, we will maintain a deep focus on product innovation and aggressive deployment of modern technology, built upon our robust data and AI capabilities. Finally, we will lean on the excellence of our people and increase our execution orientation through a performance-based culture that will drive increased customer centricity, investment in our leaders and external collaboration in pursuit of value.

### Pearson's Integrated Strategic Framework



## Our business model and value drivers

# A powerful **why**

## Helping People Realise The Life **They Imagine** Through Learning

# why

### Brand

Our brand stands as a symbol of trust, respect and excellence, embodying the quality that defines our company and strengthens our position in the marketplace.

### Thought Leadership

Our industry and customer knowledge allows us to be a global thought leader. We develop deep, rigorous and analytical perspectives, share domain insights and shape the conversation on key trends.

### Our stakeholders



**Educators**



**Employers**



**Business Partners**



**Governments**



**Consumers**



**Communities**

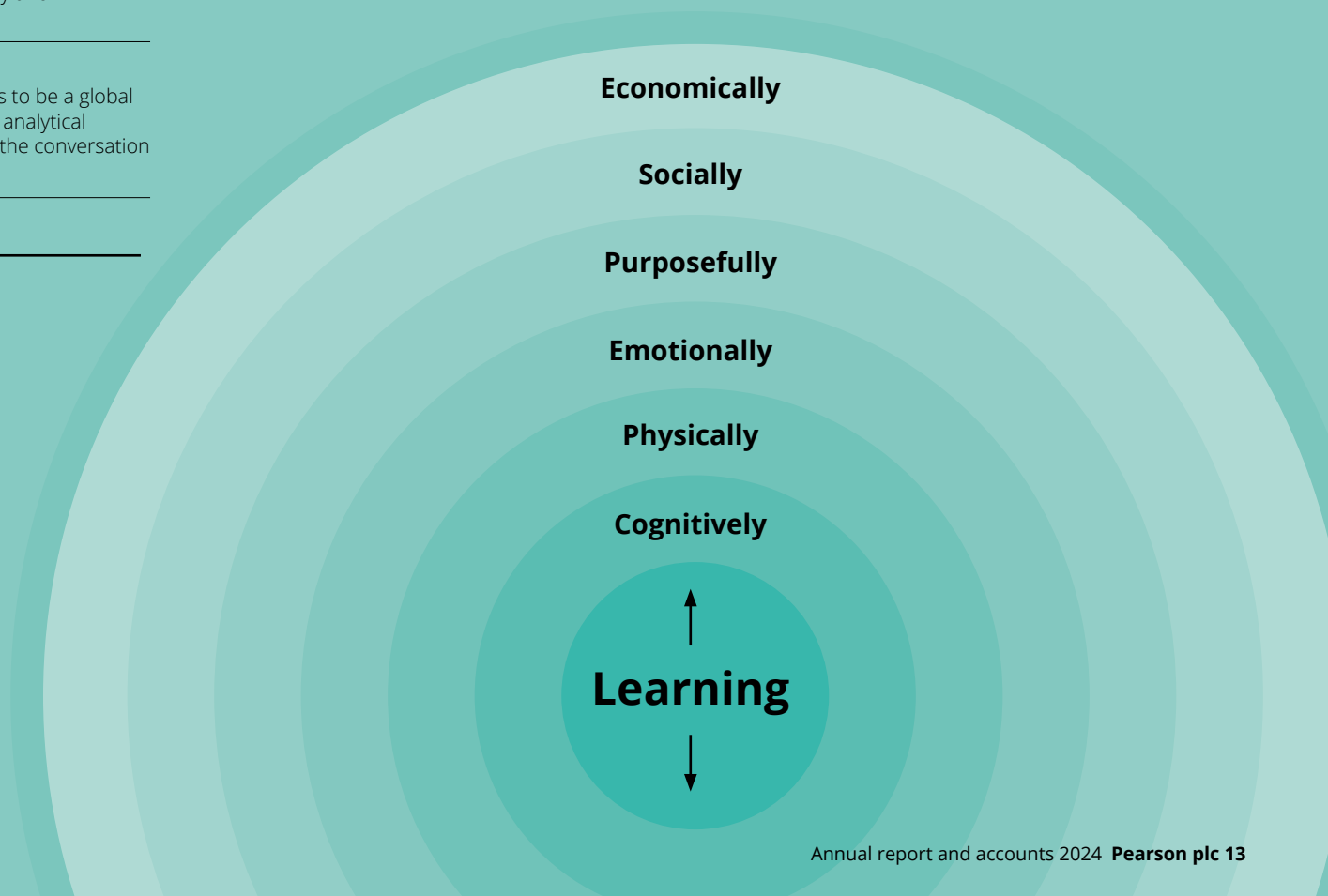


**Employees**



**Shareholders**

Learning is a very human trait. Like sleep and nutrition, learning is vital in our lives, and we know that when we learn more, we get happier, we get healthier, we live longer and we can earn more.



\* See pages 24 and 25 for our KPIs.

Our business model and value drivers *continued*

# What we're doing to progress against our strategy



Growth driver

# What



Core

## Assessments & Verification

**Progress in FY24**

We built on our strengths in Assessments & Verification by enhancing our AI tools and capabilities, exploring opportunities for geographic and vertical sector expansion, driving cross-selling and assembling dedicated product and sales teams to support key growth initiatives. These efforts were underpinned by our unwavering commitment to maintaining customer trust and delivering a consistently high level of operational excellence.

**Plans for FY25**

We plan to expand our market presence by strengthening our formative assessment capabilities, while broadening our enterprise customer base through pre-hire assessments that support talent acquisition and workforce development. We are also building a strategy around the future of assessment and exploring new expansion opportunities across new verticals and solution types.

## Product Bundling

We reconfigured our incentive schemes, encouraging sales teams to bundle products and make it easier for customers to purchase them. We targeted the enterprise sector, where we built bundled solutions to address hiring and skill development challenges, streamline badge issuance and simplify contracting, while also bundling formative and summative assessment products in the US Student Assessment space.

We will expand our focus in enterprise by taking modular, commercial bundles to market, helping companies accelerate skilling in the era of AI. Solutions will integrate into existing talent lifecycles and tech stacks, addressing core challenges for business executives and HR teams. We will also implement key account management processes to enable more seamless experiences for our top customers.



Synergies

## Product Development

We are adopting modern approaches to product design, development and deployment to drive sales and margin synergies. This includes platform modernisation, common services and data platforms, harmonised tech stacks and the adoption of tooling best practices, with an early achievement being the launch of our Digital Language Tutor. Our new 'Product Excellence' programme provides centralised oversight and governance, ensuring consistent quality and continued leadership in the application of innovative technology, like GenAI.

We are extending our platform modernisation initiatives to the enterprise sector, leveraging AI to enhance learning and experience platforms. We will improve our data architecture, establish a robust, enduring product governance framework and align the organisation to a unified architecture. Our adaptive product roadmap review cycle will drive courseware evolution and an optimised product mix while we continue to implement AI and data-driven solutions for content generation, enablement and customer support.

## Strategic Partnering

We are distinguishing between transactional and strategic relationships, opening up possibilities for reciprocal trade, joint go-to-market and joint innovation, while simultaneously consolidating vendor spend. We've expanded several relationships, including those with Microsoft and AWS, which are set to drive transformative change across our business.

We will focus on maximising value from our recently announced partnerships with Microsoft and AWS, while also finalising agreements with new strategic partners. We intend to leverage the capabilities and expertise of our key partners to drive scale, enhance our go-to-market strategies and deliver customer solutions aligned with evolving market demands.

# What we're doing to progress against our strategy *continued*

## Growth driver

# What

## Growth Pillars



### Early Careers

## Progress in FY24

We continued to build upon our unrivalled intellectual property and expertise in GED and vocational qualifications, grow our virtual career and technical education offering, and invest in our strong network of institutional and enterprise partners. We shared thought leadership focused on the future of work, implications of technological advancements and evolving roles of governments, educational institutions and enterprises. These efforts enabled us to support key stakeholders as they navigate the transformative impact of AI and demographic shifts on the future workforce.

### Enterprise Skilling

We demonstrated our commitment to growth in the Enterprise Skilling space through dedicated efforts to address several enterprise needs, including pre-assessing new employees, identifying high-value skills and aptitudes for Early Careers, creating learning and upskilling pathways, and supporting the redesign of the future workforce. Our recent collaborations with ServiceNow and Degreed, as well as the creation of Faethm's patented skill proficiency framework, further exemplify our commitment to impactful human capital investment.

## Plans for FY25

We are advancing our commitment to future workforce readiness, launching new learning solutions that leverage our extensive career, technical, and professional content and expertise. We are also expanding industry association and employer partnerships to address critical skill gaps and labour shortages, and expand the scope of education pathways to employability.

The formation of Enterprise Learning and Skills as a dedicated business unit will enable a more focused execution model. We will continue to develop end-to-end Enterprise Skilling solutions that enable people-leaders to plan for, source, and develop future skills that drive business transformation and unlock employee potential. We will leverage our data analytics and insights capabilities to enable personalisation, while leveraging strategic partnerships and our new enterprise sales organisation to streamline go-to-market and enable flexible, cohesive offerings for our customers.



**Our strategy is evolving to drive value from existing strengths while addressing emerging opportunities in order to deliver sustainable growth.**

**Sue Kolloru Barger**  
Chief Strategy Officer



# How we create long-term stakeholder value



## Our operational foundations

# HOW



### People

Our people are the driving force behind our mission, passionately dedicated to empowering learners worldwide. Their commitment and expertise form the foundation of our success, shaping who we are and what we achieve as a company.

### Partners

Our partners share Pearson's values and commitment to education. Our strong relationships with governments, customers, non-governmental organisations (NGOs) and other global organisations help us to amplify our positive impact on learners around the world.

We will remain committed to the needs, interests and development of our people and partners by continuing to invest in their growth, including in the evolution of our career architecture, pathways and internal mobility processes aimed at helping our people connect, learn and reskill.



### Data & Insight

Through the effective and responsible use of data, we are able to know our customers better and serve them more effectively. We are further developing our capabilities in data analytics and insights to help identify skill gaps and provide compelling solutions to workforce challenges.

### R&D and Product Innovation

Our dedicated learning efficacy and product teams are committed to creating learning products that offer a great user experience and improved learning outcomes. Through ongoing innovation and Research and Development (R&D), we develop and incorporate the most advanced technologies, including generative AI, into our products and services.

We will continue to explore new technologies and methodologies to enhance learning experiences and outcomes, while also leveraging our innovation architecture to systematically identify, experiment with, and scale innovations to build a strong foundation for long-term growth. Through this journey, we will remain committed to responsible AI and ethical data practices, ensuring transparency, fairness and impact in education.

### Artificial Intelligence

We are integrating AI-driven tools across the company to enhance learning outcomes, personalise educational experiences and streamline operations. Our AI tools cater to both students and educators, enabling effective, impactful learning to take place at every stage of the educational journey.



### Capital Allocation

We align our investment priorities around where we see the best opportunities for growth and returns. Firstly, Assessments & Verification and then Enterprise Skills and Early Careers. English Language Learning is relevant to each of these areas of investment focus.

We will invest both organically and inorganically in high-growth segments to contribute to a higher, sustained growth rate over time, while keeping a net debt to EBITDA of around two times on average and upholding our dividend policy.