

Our performance

About our reporting

This report provides a summary of Pearson’s sustainable business strategy and our environmental, social, and governance (ESG) performance for the calendar year ended 31 December 2022. Our Reputation and Responsibility Committee, the highest Board Committee responsible for our sustainability agenda, has reviewed the reported information, including the list of material topics on page 30.

Global Reporting Initiative (GRI)

Our report is in accordance with the GRI standards, using the GRI 1: Foundation 2021 guidance. There is no relevant GRI sector standard for our industry.

Sustainability Accounting Standards Board (SASB)

We continue to report in line with the SASB’s standards to provide industry-based insights into the most relevant sustainability-related risks and opportunities for the media, and professional services sectors.

UN Global Compact (UNGC) and the UN Sustainable Development Goals (SDGs)

We were proud to participate in the Early Adopter Programme of the UN Global Communication on Progress (CoP) designed to add value and streamline sustainability reporting for all participating companies of the UN GC. Our CoP is publicly available on our participant profile at: <https://unglobalcompact.org/what-is-gc/participants/7319-Pearson-plc>

Lifelong learning and education have an important role to play in achieving all the UN SDGs, but we focus our efforts on those where we have the greatest impact. Our priority SDGs are: 4 quality education, 8 decent work and economic growth, and 10 reducing inequalities.

ESG material issues reporting against GRI and SASB

Material issues	GRI	SASB	Page/web reference	Comments/omissions
Product effectiveness	GRI 203-2: significant indirect impacts		Risks, opportunities, and management approach: Pages 30-38 Performance: Page 18 Social Bond Reporting: https://plc.pearson.com/en-GB/investors/debt-investors/social-bond-framework	
Consumer engagement	GRI 203-2: significant indirect impacts		Risks, opportunities, and management approach: Pages 18, 30-38 Performance: Page 18	
Digital growth	GRI 203-2: significant indirect impacts		Risks, opportunities, and management approach: Pages 30-38 Performance: non-financial KPIs - Page 18	
Employee learning and development	GRI 404-1: average hours of training per year, per employee GRI 404-2: programmes for upgrading employee skills and transition assistance programmes GRI 404-3: percentage of employees receiving regular performance and career development reviews		Risks, opportunities, and management approach: Pages 30-38 Performance: Pages 18, 221-226	We do not report on average hours of training. In 2022, we launched a new approach to engagement as a driver of growth and retention, including a set of performance measures. 100% of direct employees covered by Gallup survey.
Employee engagement		SV-PS-330a.2. (1) voluntary and (2) involuntary turnover rate for employees SV-PS-330a.3. employee engagement %	Risks, opportunities, and management approach: Pages 30-36 Performance: Pages 18, 221-226	
Inclusion and diversity	405-1 Diversity of governance bodies and employees	SV-PS-330a.1. & SV-ME-260a.1. percentage of gender and racial/ethnic group representation for: (1) executive management (2) professionals (3) all other employees SV-ME-260a.2. description of policies and procedures to ensure pluralism in news media content	Risks, opportunities, and management approach: Pages 30-36 Performance: Pages 18, 221-226 Social Equity portal: https://www.pearson.com/en-us/social-equity.html	

Material issues	GRI	SASB	Page/web reference	Comments/omissions
Reducing our environmental impact	GHG Emission scope 1, 2, 3. Baseline and methodology. Any offsets including type, amount, criteria		Risks, opportunities, and management approach: Pages 30, 36-38 TCFD Report: Pages 39-41 Performance: Pages 18, 36-41, 221-226	
Data privacy and cyber security	GRI 418 -1 Substantiated complaints received concerning breaches of customer privacy, and losses of customer data	SV-PS-230a.1 description of approach to identifying and addressing data security risks SV-PS-230a.2. description of policies and practices relating to collection, usage, and retention of customer information SV-PS-230a.3. number of data breaches percentage involving customers' confidential business information or personally identifiable information number of customers affected	The following sections of our report detail: — our approach to data security risks: Pages 43-52 — governance of data privacy, cyber security and technology resilience: Page 82 — approach to customer data and safeguarding and training provided: Pages 30, 36 — consumer-facing privacy center explaining how Pearson uses personal information: https://www.pearson.com/en-us/privacy-center.html	In the event of a reportable breach, we would disclose information about the incident and commit to contact any affected data subjects in a timely way. In line with regulations, we will disclose material lapses to the relevant regulators. To the extent that any relevant regulator should find fault with our data management and/or data security practices, they will publish their findings/sanctions.

GRI General Disclosures Index

Disclosure	Page/Location	Comment
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2-8 Workers who are not employees		We do not currently report on workers who are not employees. Most common type of workers are regular employees (19,051) and most common type of work performed is in testing centres, technology, sales, customer services, and prof. development
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Disclosure	Page/Location	Comment
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2-25 Processes to remediate negative impacts		https://plc.pearson.com/en-GB/corporate-policies
2-26 Mechanisms for seeking advice and raising concerns		https://plc.pearson.com/en-GB/corporate-policies
2-27 Compliance with laws and regulations	80-87	
2-28 Membership associations	38	We are also members of the Global Business Coalition for Education, and the Corporate Consultative Group of the World Resource Institute (WRI).
2-29 Approach to stakeholder engagement	26-29	
2-30 Collective bargaining agreements	68	Our Employee Engagement Network (EEN) champion the voice of our employees at board level. Members represent diverse genders, ethnicity groups, geographies, ages and tenures.

ESG performance tables

Environment

Re-baselining: Following our re-baselining policy, in line with best practices standards, we have re-based our emissions to reflect the change in reporting scope and categories, as well as reviewed and updated calculation methodologies for the reporting period 2018 – 2022. This process has been verified and assured by a third-party auditor, Corporate Citizenship.

Methodology: We follow the requirements from the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) to calculate our emissions. For scope 2, we use the dual reporting methodology (location and market-based approach), together with some of the latest emission factors from recognised public sources, including, but not limited to, the UK Department for Business, Energy and Industrial Strategy, the International Energy Agency, the US Energy Information Administration, the US Environmental Protection Agency, and the Intergovernmental Panel on Climate Change (IPCC). Energy use includes gas and electricity consumption in MWh and vehicle fuel use converted from mileage into MWh using BEIS conversion factor. For 2022, we are also using the latest global warming potential from the IPCC's Sixth Assessment Report.

Corporate Citizenship, an independent third party has verified our energy consumption; scope 1, 2 and 3 GHG emissions; and renewable electricity claims, as well as our social KPIs. See Corporate Citizenship assurance statement here: <https://plc.pearson.com/en-GB/purpose/our-esg-reporting>

Greenhouse gas (GHG) (carbon dioxide equivalent) emissions overview (metric tons CO₂e)

	2022	2021	2018 rebaselined figures	2018 previously reported
Scope 1	4,622	8,342	12,206	12,209
Scope 2 (market-based)	182	440	4,583	4,583
Scope 2 (location-based)	29,034	22,801	40,779	41,586
Scope 3	362,473	370,853	531,663	410,164
Total - Location-based	396,128	401,995	584,648	463,959
Total - Market-based	367,276	379,634	548,452	426,956
Total global scope 1 and 2 (location-based)	33,656	31,143		
Total UK scope 1 and 2 (location-based)	5,671	3,829		
Total global scope 1 and 2 (market-based)	4,804	8,782	16,789	16,792
Total UK scope 1 and 2 (market-based)	1,662	1,352		
Intensity ratio	2022	2021		
tCO ₂ /m£ sales revenue (scope 1, 2 market-based and 3)	95.6	110.7	132.8	
Energy	2022	2021		
% electricity from renewable sources	99%	99%		
Total electricity consumption from renewable sources only (MWh)	83,523	57,120		
Total electricity consumption from non-renewable sources only (MWh)	957	794		
On-site generated electricity (MWh)	184	150		
Total gas consumption (MWh)	24,170	23,985		
Total fuel oil consumption (MWh)	159	48		
Vehicles (MWh)	347	10,437		
Total energy consumption (MWh)	109,340	92,535		
Global (gas, electricity and transport)	108,997	92,336		
UK (gas, electricity and transport)	29,811	17,491		

Resource use	2022	2021
Paper used (t)	24,187	29,056
% FSC	33%	29%
% PEFC	20%	28%
% SFI	9%	
Waste	2022	2021
Total waste generated (t)	1,298*	875
Share of waste recycled in office space	17.7%	25.9%
Water	2022	2021
Total water consumption (m ³)	538,556*	152,702

* We report estimated water and waste in some of our properties by applying an intensity ratio per sqm based on all actual data available. This year, we extended the scope of sites with actual data that are included in 2022 figures.

Social

All employee figures, with the exception of total average number of employees (as noted below) are based on employee volumes as at 31st December 2022.

Our Employees	2022	2021
Total average number of employees for the year*	20,438	20,744
Employees by geography (Regional Representation)	20,169	21,350
US as of 31 December	10,694	11,670
UK as of 31 December	3,931	3,826
Rest of World as of 31 December	5,544	5,854

* Total average number of employees is calculated using a Full-time Equivalent (FTE) methodology, as an average across the reporting period.

Gender diversity breakdown	2022	2021
Total number of permanent, regular employees	97%	97%
Male	40%	40%
Female	59%	59%
Non-binary	0%	0%
No data	1%	1%
Total number of temporary, limited term employees	3%	3%
Male	32%	32%
Female	66%	65%
Non-binary	0%	0%
No data	2%	3%
Total full-time, regular, employees	79%	75%
Male	44%	44%
Female	55%	55%
Non-binary	0%	0%
Not Disclosed	1%	1%
Total part-time, regular, employees	21%	21%
Male	27%	27%
Female	72%	73%
Non-binary	0%	0%
Not Disclosed	1%	1%

Board and Executive Team's gender identity or sex	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management*	Percentage of executive management
Men	5	50	3	6	54.5
Women	5	50	1	5	45.5
Other categories					
Not specified / prefer not to say					

Board and Executive Team's ethnic background	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management*	Percentage of executive management
White British or other White (including minority-white groups)	7	70	4	8	72.73
Mixed/Multiple Ethnic Groups	2	20		1	9.09
Asian/Asian British	1	10		1	9.09
Black/African/Caribbean/Black British					
Other ethnic group, including Arab				1	9.09
Not specified/ prefer not to say					

Female leadership breakdown	2022	2021
Senior leadership	41%	37%
VP & Director	48%	47%
Manager	51%	50%
Percentage of women in technology roles (IT/engineering)	31%	29%

Employee racial and ethnic diversity breakdown	2022	2021
Total workforce (US and UK)	32% (US) / 18% (UK)	31% (US) / 19% (UK)
Senior leadership (US and UK)	19% (US) / 12% (UK)	20% (US) / 9% (UK)
VP and Director (US and UK)	18% (US) / 13% (UK)	17% (US) / 13% (UK)
Manager (US and UK)	25% (US) / 14% (UK)	23% (US) / 16% (UK)

Employee racial and ethnic diversity breakdown - US	2022	2021
% of total workforce	32%	31%
Asian	10%	9%
Black or African American	11%	10%
Hispanic or Latino	9%	9%
Other	2%	3%
White	67%	69%
Not Stated	1%	0%

Employee racial and ethnic diversity breakdown - UK	2022	2021
% of total workforce	18%	19%
Asian	10%	10%
Black	4%	4%
Hispanic or Latino	0%	0%
Other	4%	5%
White	66%	70%
Not Stated	16%	11%

* As prescribed by LR9.8.6R(10), for the purpose of this disclosure, the Executive Management includes the Company Secretary.

% of total management workforce (US and UK)	2022	2021
Asian	10%	10%
Black or African American	4%	4%
Hispanic or Latino	4%	3%
Other	2%	2%
White	77%	78%
Not Stated	3%	3%

Turnover	2022	2021
Turnover rate, total average for the year*	6,974 / 33%	7,232 / 33%
Voluntary turnover	4,658 / 22%	5,062 / 23%
Involuntary turnover	2,316 / 11%	2,170 / 10%

*% calculated using average 2022 H/C of 21,342, not 2022 year end position.

Turnover by gender	2022	2021
Total female	4,233 / 20%	4,512 / 20%
Total male	2,659 / 12%	2,709 / 12%
Non-binary	6 / 0%	-
Not disclosed	76 / 0%	-

Turnover by age group	2022	2021
Under 30 years old	1,720 / 8%	2,019 / 9%
30-50 years old	3,449 / 16%	3,428 / 15%
Over 50 years old	1,785 / 8%	1,764 / 8%
No date	20 / 0%	21 / 0%

New hires	2022	2021
Total number and rate of new employee hires (number of hires/average headcount)*	5,600 / 26%	5,934 / 27%
Total number of new hires - female	3,378 / 60%	3,528 / 60%
Total number of new hires - male	2,076 / 37%	2,261 / 38%
Total number of new hires - non binary	24 / 0%	0 / 0%
Total number of new hires - not disclosed	122 / 2%	145 / 2%

*% calculated using average 2022 H/C of 21,342, not 2022 year end position.

New hires by age group	2022	2021
Under 30 years old	38%	40%
30-50 years old	44%	42%
Over 50 years old	17%	17%
No date	1%	1%

Employee engagement measures*	2022	2021
Engagement	3.96 ^	-
Inclusion	4.12 ^	-
Progress	67%	-
Learning and Growth	72%	-

*Sourced from Gallup Access. Propriety data.

^GrandMean on a 5-point Likert scale.

BTECs & SDG 4	2022	2021
Number of BTEC registrations outside the UK	37,994	35,722

Governance	2022	2021
Total number of concerns raised & investigated	92	110
Percentage of employees completing code of conduct certification or training	100%	100%

Reliance on this document

The intention of this document is to provide information to shareholders and is not designed to be relied upon by any other party or for any other purpose.

Forward-looking statements

This document includes forward-looking statements concerning Pearson's financial condition, business and operations and its strategy, plans and objectives. In particular, all statements that express forecasts, expectations and projections, including trends in results of operations, margins, growth rates, overall market trends, the impact of interest or exchange rates, the availability of financing, anticipated cost savings and synergies and the execution of Pearson's strategy, are forward-looking statements. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may occur in the future. They are based on numerous expectations, assumptions and beliefs regarding Pearson's present and future business strategies and the environment in which it will operate in the future. There are various factors which could cause Pearson's actual financial condition, results and development to differ materially from the plans, goals, objectives and expectations expressed or implied by these forward-looking statements, many of which are outside Pearson's control. These include

international, national and local conditions, as well as the impact of competition. They also include other risks detailed from time to time in Pearson's publicly-filed documents and, in particular, the risk factors set out in this document, which you are advised to read. Any forward- looking statements speak only as of the date they are made and, except as required by law, Pearson gives no undertaking to update any forward-looking statements in this document whether as a result of new information, future developments, changes in its expectations or otherwise. Readers are cautioned not to place undue reliance on such forward-looking statements.



Designed and produced by Black Sun Plc.

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Printed in the UK by Pureprint, a Carbon Neutral® company.

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