

# 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 2023. The Board’s Reputation & Responsibility Committee has reviewed the reported information, including the list of material topics on page 94.

### 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 UNGC. 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 34-38 Performance: non-financial KPIs Page 24	
Consumer engagement	GRI 203-2: significant indirect impacts		Risks, opportunities, and management approach: Pages 34-38, 16-17 Performance: non-financial KPIs Page 24	
Digital growth	GRI 203-2: significant indirect impacts		Risks, opportunities, and management approach: Pages 34-38 Performance: non-financial KPIs - Page 24	
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 39-41 Performance: Pages 24, 39-41	We do not report on average hours of training, or % of employees receiving reviews. 100% of direct employees are covered by the Gallup survey.

Material issues	GRI	SASB	Page/web reference	Comments/omissions
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 39-41 Performance: Page 34	
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 40-41 Performance: Pages 24, 39-40 Social Equity portal: <a href="https://www.pearson.com/content/global-store/sites/en-us/social-equity.html">https://www.pearson.com/content/global-store/sites/en-us/social-equity.html</a>	
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 35, 42-43 TCFD Report: Pages 44-48 Performance: Pages 24, 42-43	
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: Page 100 — governance of data privacy, cyber security and technology resilience: Page 96 — approach to customer data and safeguarding and training provided: Pages 34, 38 — consumer-facing privacy centre explaining how Pearson uses personal information: <a href="https://www.pearson.com/en-gb/privacy-center.html">https://www.pearson.com/en-gb/privacy-center.html</a>	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.
Journalistic integrity & sponsorship identification		SV-ME-270a.3 Description of approach for ensuring journalistic integrity of news programming related to: (1) truthfulness, accuracy, objectivity, fairness, and accountability, (2) independence of content and/or transparency of potential bias, and (3) protection of privacy and limitation of harm	— Business Partner Global Content Policy, on page 94	

### GRI General Disclosures Index

Disclosure	Page/Location	Comment
2-1 Organisational details	68, 72,74	
2-2 Entities included in the organisation's sustainability reporting	94-96	
2-3 Reporting period, frequency and contact point		2023 annual report, sustainability@pearson.com
2-4 Restatements of information	81	
2-5 External assurance		<a href="https://plc.pearson.com/en-GB/purpose/our-esg-reporting">https://plc.pearson.com/en-GB/purpose/our-esg-reporting</a>
2-6 Activities, value chain and other business relationships	11	
2-7 Employees	53-54	
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 (17,128) and most common type of work performed is in testing centres, technology, sales, customer services, and professional development
2-9 Governance structure and composition	66-80	
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Disclosure	Page/Location	Comment
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2-25 Processes to remediate negative impacts	94	<a href="https://plc.pearson.com/en-GB/corporate-policies">https://plc.pearson.com/en-GB/corporate-policies</a>
2-26 Mechanisms for seeking advice and raising concerns	94	<a href="https://plc.pearson.com/en-GB/corporate-policies">https://plc.pearson.com/en-GB/corporate-policies</a>
2-27 Compliance with laws and regulations	94	
2-28 Membership associations	92	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	16-20	
2-30 Collective bargaining agreements	134	Board members engage with employees on a regular basis.

## ESG performance tables

### Environment

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 factors. We are also using the latest global warming potential from the IPCC's Sixth Assessment Report.

An independent third party has verified and provided limited assurance of our energy consumption; scope 1, 2 and 3 GHG emissions; and renewable electricity claims, as well as our social KPIs. See SLR Consulting assurance statement here: <https://plc.pearson.com/en-GB/sustainability/our-esg-reporting>

Greenhouse gas (GHG) (carbon dioxide equivalent) emissions overview (metric tons CO<sub>2</sub>e)

	2023	2022
Scope 1	<b>4,661</b>	4,622
Scope 2 (market-based <sup>1</sup> )	<b>14*</b>	182
Scope 2 (location-based <sup>2</sup> )	<b>14,052</b>	29,034
Scope 3	<b>302,572</b>	362,473
Total - location-based	<b>321,285</b>	396,128
Total - market-based	<b>307,247</b>	367,276
Total global scope 1 and 2 (location-based)	<b>18,713</b>	33,656
Total UK scope 1 and 2 (location-based)	<b>2,280</b>	5,671
Total global scope 1 and 2 (market-based)	<b>4,675</b>	4,804
Total UK scope 1 and 2 (market-based)	<b>821</b>	1,662

1. The market-based approach reflects emissions from electricity purposefully chosen. It derives emission factors from a contract for the sale and purchase of energy.
2. The location-based approach reflects the average emissions intensity of grids on which energy consumption occurs.

\* We purchase renewable electricity in countries of consumption. For American Samoa, Bangladesh, Kenya, Republic of Korea, Northern Marina Islands and Romania, Pearson was not able to purchase country-specific Energy Attribute Certificates and we had to buy from neighbouring countries/regions such as United States, India, Uganda, China and Poland. However, this represents only 0.1% of Pearson total electricity consumption.

	2023	2022
Intensity ratio		
tCO <sub>2</sub> / m £ sales revenue (scope 1, 2 market-based and 3)	<b>83.6</b>	95.6

	2023	2022
Energy		
% electricity from renewable sources	<b>100%</b>	99%
Total electricity consumption from renewable sources only (MWh)	<b>36,321</b>	83,523
Total electricity consumption from non-renewable sources only (MWh)	<b>0</b>	957
On-site generated electricity (MWh)	<b>177</b>	184
Total gas consumption (MWh)	<b>18,309</b>	24,170
Total fuel oil consumption (MWh)	<b>49</b>	159
Vehicles (MWh)	<b>4,693**</b>	347
Total energy consumption (MWh)	<b>59,372</b>	109,340
Global (gas, electricity and transport)	<b>59,323</b>	108,997
UK (gas, electricity and transport)	<b>11,519</b>	29,811

	2023	2022
Resource use		
Paper used (t)	<b>22,859</b>	24,187
% FSC	<b>50%</b>	33%
% PEFC	<b>6%</b>	20%
% SFI	<b>13%</b>	9%

	2023	2022
Waste		
Total waste generated (t)	<b>680***</b>	1,298
Share of waste recycled in office space	<b>23.9%</b>	17.7%

	2023	2022
Water		
Total water consumption (m <sup>3</sup> )	<b>84,857***</b>	538,556

\*\* An increase in activity for company vehicles in the US is included in this year's figures.

\*\*\* 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, the intensity ratio per sqm for waste generated and water consumption was much lower than 2022.

## Social

All employee figures, with the exception of total average number of employees (as noted below) are based on employee volumes as at 31 December 2023.

Our employees	2023	2022
<b>Total average number of employees for the year<sup>†</sup></b>	<b>18,360</b>	20,438

Employees by geography (regional representation)	2023	2022
US as of 31 December	9,241	10,694
UK as of 31 December	3,359	3,931
Rest of world as of 31 December	5,012	5,544

<sup>†</sup> Total average number of employees is calculated using a Full-time Equivalent (FTE) methodology, as an average across the reporting period. Seasonal/temporary staff are excluded from calculation.

Gender diversity breakdown	2023	2022
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	36%	32%
Female	63%	66%
Non-binary	0%	0%
No data	1%	2%

Total full-time, regular employees	79%	79%
Male	44%	44%
Female	56%	55%
Non-binary	0%	0%
Not disclosed	1%	1%

Total part-time, regular employees	21%	21%
Male	27%	27%
Female	72%	72%
Non-binary	0%	0%
Not disclosed	1%	1%

Board and Executive Management 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	45.5	3	6	54.5
Women	6	54.5	1	5	45.5
Other categories					
Not specified / prefer not to say					

Board and Executive Management 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)	8	73	4	8	73
Mixed/Multiple Ethnic Groups	2	18		1	9
Asian/Asian British	1	9		1	9
Black/African/Caribbean/Black British					
Other ethnic group, including Arab				1	9
Not specified/ prefer not to say					

\* Prepared in accordance with UK Listing Rule 9.8.6R(10) as at 31 December 2023. As prescribed by this rule and for the purpose of this disclosure, the Executive Management includes the Company Secretary. The data contained in the tables above was collected as part of the annual declaration process, whereby the Board and the Executive Management team received declaration forms for self-completion. The declaration forms included, for all individuals whose data is being reported, the same questions relating to ethnicity and gender. The data is used for statistical reporting purposes and is provided with consent.

Female leadership breakdown	2023	2022
Senior leadership	47%	41%
VP and Director	47%	48%
Manager	51%	51%
Percentage of women in technology roles (IT/engineering)	30%	31%

Employee racial and ethnic diversity breakdown	2023	2022
Total workforce (US and UK)	32% (US) / 17% (UK)	32% (US) / 18% (UK)
Senior leadership (US and UK)	15% (US) / 14% (UK)	19% (US) / 12% (UK)
VP and Director (US and UK)	18% (US) / 16% (UK)	18% (US) / 13% (UK)
Manager (US and UK)	27% (US) / 18% (UK)	25% (US) / 14% (UK)

Employee racial and ethnic diversity breakdown - US	2023	2022
% of total workforce	<b>32%</b>	32%
Asian	<b>11%</b>	10%
Black or African American	<b>11%</b>	11%
Hispanic or Latino	<b>9%</b>	9%
Other	<b>2%</b>	2%
White	<b>68%</b>	67%
Not stated	<b>0%</b>	1%

Employee racial and ethnic diversity breakdown - UK	2023	2022
% of total workforce	<b>17%</b>	18%
Asian	<b>10%</b>	10%
Black	<b>4%</b>	4%
Hispanic or Latino	<b>0%</b>	0%
Other	<b>4%</b>	4%
White	<b>64%</b>	66%
Not stated	<b>18%</b>	16%

% of total management workforce (US and UK)	2023	2022
Asian	<b>12%</b>	10%
Black or African American	<b>4%</b>	4%
Hispanic or Latino	<b>4%</b>	4%
Other	<b>2%</b>	2%
White	<b>76%</b>	77%
Not stated	<b>2%</b>	3%

Turnover	2023	2022
Turnover rate, total average for the year <sup>1</sup>	<b>6,446 / 34%</b>	6,974 / 33%
Voluntary turnover	<b>3,037 / 16%</b>	4,658 / 22%
Involuntary turnover	<b>3,409 / 18%</b>	2,316 / 11%

<sup>1</sup> % calculated using average 2023 H/C of 18,360, not 2023 year-end position.

Turnover by gender	2023	2022
Total female	<b>3,840 / 20%</b>	4,233 / 20%
Total male	<b>2,475 / 13%</b>	2,659 / 12%
Non-binary	<b>21 / 0%</b>	6 / 0%
Not disclosed	<b>110 / 1%</b>	76 / 0%

Turnover by age group	2023	2022
Under 30 years old	<b>1,693 / 9%</b>	1,720 / 8%
30-50 years old	<b>3,324 / 18%</b>	3,449 / 16%
Over 50 years old	<b>1,414 / 7%</b>	1,785 / 8%
No date	<b>15 / 0%</b>	20 / 0%

New hires	2023	2022
Total number and rate of new employee hires (number of hires/ average headcount) <sup>2</sup>	<b>3,770 / 20%</b>	5,600 / 26%
Total number of new hires - female	<b>2,289 / 61%</b>	3,378 / 60%
Total number of new hires - male	<b>1,374 / 36%</b>	2,076 / 37%
Total number of new hires - non-binary	<b>19 / 1%</b>	24 / 0%
Total number of new hires - not-disclosed	<b>88 / 2%</b>	122 / 2%

<sup>2</sup> % calculated using average 2023 H/C of 18,360, not 2023 year-end position.

New hires by age group	2023	2022
Under 30 years old	<b>38%</b>	38%
30-50 years old	<b>44%</b>	44%
Over 50 years old	<b>18%</b>	17%
No date	<b>0%</b>	1%

Employee engagement measures <sup>3</sup>	2023	2022
Engagement	<b>4.09<sup>^</sup></b>	3.96 <sup>^</sup>
Inclusion	<b>4.21<sup>^</sup></b>	4.12 <sup>^</sup>
Progress	<b>73%</b>	67%
Learning and growth	<b>76%</b>	72%
Volunteering hours	<b>20,694</b>	n/a

<sup>3</sup> Sourced from Gallup Access. Proprietary data.

<sup>^</sup> GrandMean on a five-point Likert scale.

BTEC International Registrations	2023	2022
	<b>65,033<sup>4</sup></b>	37,994

Governance	2023	2022
Total number of concerns raised and investigated	<b>92</b>	92
Percentage of employees completing code of conduct certification or training	<b>100%</b>	100%

<sup>4</sup> Increase due to partnership with the Ministry of Education in Jordan to offer BTEC qualifications in public schools.