



Pearson

# Notice of Annual General Meeting

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to be held at 12:00 noon  
on Friday, 30 April 2021  
at 190 High Holborn,  
London, WC1V 7BH

This document is important and requires your immediate attention.

If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should seek advice from a stockbroker, bank manager, solicitor, accountant, or other professional adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all of your ordinary shares in Pearson plc, please pass this document and the enclosed form of proxy at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

A form of proxy for the Annual General Meeting is enclosed and should be completed and returned as soon as possible. To be valid, it must reach the company's registrar, Equiniti, no later than 12:00 noon on Wednesday, 28 April 2021. Alternatively, you may register your vote online by visiting the registrar's website at [www.sharevote.co.uk](http://www.sharevote.co.uk) or, if you already have a portfolio registered with Equiniti, by logging onto [www.shareview.co.uk](http://www.shareview.co.uk)

In order to register your vote online you will need to enter the Voting ID, Task ID and Shareholder Reference Number which are given on the enclosed form of proxy. If you are a member of CREST, the electronic settlement system for UK securities, you may register the appointment of a proxy by using the CREST electronic proxy appointment service. Further details are contained in the notes to the notice of Annual General Meeting (see pages 10 to 11 of this document) and in the form of proxy. Electronic and CREST proxy voting instructions should also be submitted no later than 12:00 noon on Wednesday, 28 April 2021.

**As shareholders will not be able to attend the Annual General Meeting this year, to ensure their votes are counted, shareholders are strongly encouraged to appoint the Chair of the Annual General Meeting as their proxy. Any other person appointed as a proxy will not be able to attend the Annual General Meeting. Ahead of the Annual General Meeting we will be hosting an online presentation and a Q&A session with members of our Board, providing shareholders with the opportunity to communicate with the Board regarding the business of the meeting. Please see page 2 of this document for additional details.**

### Important notice re COVID-19

Pearson is monitoring closely any developments relating to the ongoing pandemic of COVID-19 (Coronavirus) including relevant measures mandated or recommended by the UK Government regarding public events and travel. The health and safety of our shareholders and colleagues is our priority in making the arrangements for the AGM.

As at the publication date of this notice, legislation and government guidance relating to COVID-19 prohibits public gatherings and restricts non-essential travel. Taking into account the UK Government's roadmap for easing COVID-19-related restrictions, it is likely that by 30 April 2021 public gatherings will still be prohibited and travel will be required to be minimised. **As a result of these restrictions, at the time of writing, shareholders will not be permitted to attend this meeting in person**, beyond the number of shareholders legally required to constitute a quorum, which will be satisfied by the attendance of a minimum number of director shareholders and/or employee shareholders.

### Pre-AGM Shareholder Event

Ahead of the AGM, at 2:00 pm on Monday, 26 April 2021, we will be hosting an online presentation and Q&A session with members of our Board to provide shareholders with an opportunity to hear from our Board members and ask questions relating to the business of the AGM. Those wishing to join should register and pre-submit any questions on the webcast portal, details of which are below. Alternatively, you may dial-in by telephone to the webcast, although please note this option is a 'listen only' mode and therefore you will be unable to ask questions during the session. Please submit questions in advance, either using the link below, by email or by post.

We strongly encourage you to log on and submit any questions in advance of the meeting using the link below. Questions that are submitted by shareholders ahead of the webcast will be prioritised. Questions may also be submitted in writing via the platform during the webcast and answered as time allows. We will endeavour to respond to questions not covered on the webcast via our website, within 24 hours of the Pre-AGM Shareholder Event. Questions may be summarised or thematically grouped and responded to.

Please note this event is being organised to afford shareholders an opportunity to engage with the Board in the absence of a full physical meeting and we therefore encourage shareholders to participate. For those unable to join, a recording of the presentation and Q&A session, as well as a transcript of the webcast, will be posted within 48 hours of the Pre-AGM Shareholder Event.

Shareholders watching the presentation and Q&A session will not be counted towards the quorum of the AGM taking place on 30 April 2021 and will not be able to attend or participate in the meeting, including by voting or asking questions on the day of the meeting.

### Registration

In order to join the webcast, please register at [www.investis-live.com/pearson-agm](http://www.investis-live.com/pearson-agm). Please also use this link to join the event on Monday, 26 April 2021.

The registration deadline is at 2:00 p.m. on Thursday, 22 April, 2021, being 48 business hours prior to the event. In order to register, shareholders will need the following information:

- > Full Name
- > Email address
- > Shareholder number or URN (Unique Reference Number)

Once registered, shareholders will receive a confirmation email. If you have not received your confirmation email 24 business hours in advance of the webcast, being 2:00 pm on Friday 23 April 2021, please email [chairman-agm@pearson.com](mailto:chairman-agm@pearson.com). **Please note that shareholder details will be verified 48 hours prior to the event and only verified shareholders will be able to access the platform on the day of the event.**

If you wish to join by telephone, you do not need to register in advance. Please dial 020 3936 2999 or 0800 640 6441 15 minutes before the start of the meeting, quoting Access Code 072023, and have your shareholder number or URN (Unique Reference Number) to hand. Please note that only shareholders with a shareholder number or URN will be able to join by telephone. To join from outside of the UK please visit [plc.pearson.com/investors/shareholders/meetings](http://plc.pearson.com/investors/shareholders/meetings) for a full list of international numbers.

For additional details, we have a 'how-to' registration guide that is available at [plc.pearson.com/investors/shareholders/meetings](http://plc.pearson.com/investors/shareholders/meetings).

### Submitting questions

Questions that are submitted ahead of the webcast will be prioritised. Questions may also be submitted in writing via the platform during the webcast and answered as time allows. Please note that if you dial-in using the conference call line, you will be unable to ask questions during the webcast. Alternatively, please submit questions via post, addressed to Shareholder Questions, FAO Company Secretary, Pearson plc, 80 Strand, London WC2R 0RL, UK. Questions submitted by post should be received on or before Monday 19 April 2021.

# To shareholders

## 24 March 2021

Dear shareholder,

I am writing to give you details of the business which will be conducted at the Annual General Meeting (AGM or the meeting) of Pearson plc (Pearson or the company) to be held at 190 High Holborn, London, WC1V 7BH at 12:00 noon on Friday, 30 April 2021.

Shareholders of the company (shareholders) will be asked to consider and, if thought fit, approve resolutions in respect of the matters as set out below.

In accordance with current recommended best practice, voting on all of the proposed resolutions at the AGM will be conducted on a poll rather than on a show of hands.

### Notice of AGM

The notice convening the AGM is set out on pages 8 to 9 of this document (the notice).

### Recommendation

The Board of Directors believes that resolutions 1-20 will promote the success of, and are in the best interests of, the company and its members as a whole.

Your Board therefore unanimously recommends that you vote IN FAVOUR of resolutions 1-20 inclusive, as the Directors intend to do in respect of their own beneficial holdings.

### Report and accounts (resolution 1)

The first resolution at the AGM relates to the receipt and consideration of the company's accounts, the strategic report and the reports of the Directors and the auditors for the financial year ended 31 December 2020.

### Final dividend (resolution 2)

Separately, shareholders will also be asked to approve the payment of a final dividend of 13.5 pence per ordinary share in respect of the year ended 31 December 2020, as recommended by the Directors.

If the recommended final dividend is approved, it is proposed that the dividend will be paid on 7 May 2021 to shareholders on the company's register of members at the close of business on 26 March 2021 (the record date).

### Election and Re-election of Directors (resolutions 3 to 11)

In accordance with provision 18 of the UK Corporate Governance Code (the Code), all of the Directors (other than Michael Lynton and Vivienne Cox, who are standing down at the conclusion of the meeting) being eligible will offer themselves for election or re-election at the AGM. The election and re-election of Directors, if approved, will take effect at the conclusion of the meeting.

### COVID-19

As at the publication date of this notice, legislation and government guidance relating to COVID-19 prohibits public gatherings and restricts non-essential travel. Taking into account the UK Government's roadmap for easing COVID-19-related restrictions, it is likely that by 30 April 2021 public gatherings will still be prohibited and travel will be required to be minimised. **As a result of these restrictions, at the time of writing, shareholders will not be permitted to attend this meeting in person**, beyond the number of shareholders legally required to constitute a quorum, which will be satisfied by the attendance of a minimum number of director shareholders and/or employee shareholders.

**In order to ensure their votes are counted, shareholders are strongly advised to appoint the Chair of the meeting as their proxy and to register their proxy appointment either online or by completing and returning their form of proxy by 12:00 noon on Wednesday, 28 April 2021. Any other person appointed as a proxy will not be able to attend the AGM.**

Although we do not expect to have the opportunity to meet with you in person at our AGM this year, we are very keen to engage with all shareholders and will therefore be holding an online event at 2:00 pm on Monday, 26 April 2021. More details of this Pre-AGM Shareholder Event, and other ways in which shareholders can engage with the company, are set out opposite.

Should legislation and government guidance in respect of travel and public gatherings change significantly between the date of this notice and the meeting date, any updates to the AGM plans will be posted on our website and published to the market via a Regulatory Information Service. Shareholders should monitor the Investor Relations Section of the Pearson website (at [plc.pearson.com/investors/performance/regulatory-news](http://plc.pearson.com/investors/performance/regulatory-news)) and its Regulatory Information Service announcements for any updates in relation to the AGM.

Having been appointed as a Director since the last AGM, Andy Bird will retire at the AGM and, in accordance with the Articles of Association and being eligible, will offer himself for election by shareholders.

We also recently announced that Vivienne Cox, Senior Independent Director, having served for nine years as a Director, will be retiring from the Board at the AGM and will not be seeking re-election.

As announced on 4 February 2021, the company has confirmed that Mr Lynton will step down from the Pearson Board at the 2021 AGM.

The Board joins me in thanking Vivienne and Michael for their commitment and invaluable contributions to Pearson and we wish them all the best in their future endeavours.

Each of the Directors seeking election or re-election brings a wide range of experience, skills and backgrounds which complement our strategy. Biographical details for each of the Directors offering themselves for election or re-election are set out below and on the following pages.

All of Pearson's Directors have strong leadership experience at global businesses and institutions and, as a group, the Board has particular experience in the following areas:

- › Accounting and Finance
- › Disruption (including talent leadership through change; marketing and data insights; and new business models and innovation)
- › Direct to consumer business models
- › Educational experience
- › Focus on people and talent
- › Global Markets
- › Prior leadership experience, particularly of multinational businesses
- › Remuneration
- › Scale and complexity experience
- › Sustainability and ESG
- › Transformation
- › UK plc experience

The diverse backgrounds, expertise offered and contribution made by the Directors, as more particularly detailed in their individual biographies, continues to be important to the company's long-term sustainable success. In accordance with the Code, the Board has reviewed the independence of its Non-Executive Directors and has determined that they remain fully independent of management and that there are no relationships or circumstances likely to affect their judgement. The Board considers, following a formal Board performance evaluation, that each Director seeking re-election contributes effectively and demonstrates commitment to his or her role. This consideration of effectiveness is based on, amongst other things, the business skills, industry experience and business model experiences of the Directors and other contributions each Director may make (including diversity considerations), both as an individual and also in contributing to the balance of skills, knowledge and capability of the Board as a whole, as well as the expected commitment of time for Pearson Board and Committee meetings and other duties.

As Chair, I believe that the contribution, commitment and performance of each of the Directors continues to be valuable and effective, and that it is therefore appropriate for each of those seeking election or re-election by the shareholders to continue to serve as a Director of the company.

**Andy Bird**, Chief Executive Officer  
aged 57, first appointed to the Board 1 May 2020, appointed as Chief Executive Officer 19 October 2020

Member of the Reputation & Responsibility Committee

Andy has a long and distinguished career spanning 35 years in the media industry, and is an accomplished, strategic leader of global consumer content businesses.

Most recently he spent 14 years working for The Walt Disney Company, joining the business as President of Walt Disney International in 2004, before being appointed Chairman in 2008. He held this role for a decade, during which time he transformed the organisation into a digital first, direct to consumer business, focused on serving the diverse needs of customers around the world. In addition, Andy worked to establish the iconic brand in China, through the creation of Disney English, teaching English language to Chinese families through immersive learning experiences.

Prior to Disney, Andy worked in a number of senior positions at AOL Time Warner, and spent the earlier part of his career at Piccadilly Radio, Virgin Broadcasting Company, BSB Music Channel, Big & Good Productions and Unique Broadcasting.

**Dame Elizabeth Corley, DBE** Non-Executive Director  
aged 64, appointed 1 May 2014

Chair of the Remuneration Committee and Member of the Audit and Nomination & Governance Committees

Elizabeth has extensive experience in the financial services industry, having been CEO of Allianz Global Investors, initially for Europe then globally, from 2005 to 2016. She continued to act as an advisor to the company until the end of 2019. Previously she was at Merrill Lynch Investment Managers and Coopers & Lybrand. Elizabeth is a Non-Executive Director of BAE Systems plc and Morgan Stanley Inc. Elizabeth is active in representing the investment industry and developing standards within it.

She is chair of the Impact Investing Institute; a director of the Green Finance Institute and serves on the investment committee of the Leverhulme Trust. She was appointed Dame Commander of the Order of the British Empire in the Queen's Birthday Honours in 2019 for her services to the economy and financial services.

**Sherry Coutu, CBE** Non-Executive Director  
aged 57, appointed 1 May 2019

Member of the Remuneration and Nomination & Governance Committees

Sherry has extensive experience in the technology industry. She has also served on the boards of a range of companies and charities, with a focus on working with entrepreneurs and specialising in consumer digital, information services, and education. Sherry is the Chair of Founders4Schools and founder of the Scale-Up Institute. Previously, she was CEO of Interactive Investor International plc, and has served on the boards of Cambridge Assessment, Bloomberg New Energy Finance and the London Stock Exchange plc as well as being SID and Remuneration Committee Chair of RM plc. Sherry has started and/or invested in over 60 technology businesses and served on the boards of Zoopla plc, Raspberry Pi, NESTA, and the Advisory boards of the National Gallery, Royal Society and LinkedIn. She was appointed Commander of the British Empire in the 2013 New Year Honours for her services to entrepreneurship.

**Sally Johnson** Chief Financial Officer  
aged 47, appointed 24 April 2020

Sally joined Pearson in 2000, and has held various finance and operations roles across The Penguin Group, the education business and at a corporate level. She brings to the Board extensive commercial and strategic finance experience as well as transformation, treasury, tax, risk management, business and financial operations, investor relations and M&A expertise. She has held various senior level roles across the business, most recently as Deputy CFO of Pearson. Sally is 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.

**Linda Lorimer** Non-Executive Director  
aged 68, appointed 1 July 2013

Chair of the Reputation & Responsibility Committee and  
Member of the Audit Committee

Linda has spent almost 40 years serving higher education. She retired from Yale in 2016 after 34 years at the university where she served in an array of senior positions including Vice President for Global & Strategic Initiatives. She oversaw the development of Yale's online education division and the expansion of Yale's international programmes and centres. During her tenure, she was responsible for many administrative services, ranging from Yale's public communications and alumni relations to sustainability, human resources and the university press. She also served on the boards of several public companies, including as Presiding Director of the McGraw-Hill companies. Linda is a member of the board of Yale New Haven Hospital, where she chairs the nominating and governance committee and is a trustee of Hollins University. She also remains on several consequential advisory committees at Yale University.

**Graeme Pitkethly** Non-Executive Director  
aged 54, appointed 1 May 2019

Member of the Audit and Reputation & Responsibility Committees

Graeme joined Unilever in 2002 and, prior to being appointed CFO and Board member, was responsible for Unilever's UK and Ireland business. Previously, he had held a number of senior financial and commercial roles within Unilever, including Senior Vice President of Finance for Global Markets, Group Treasurer, Global Head of M&A and Chief Financial Officer of Unilever Indonesia. Graeme spent the earlier part of his career in senior corporate finance roles in the telecommunications industry with FLAG Telecom, and started his career at PricewaterhouseCoopers. Graeme is currently Vice Chair of the Task Force on Climate Related Financial Disclosures, Vice Chair of the 100 Group Main Committee and is a Chartered Accountant.

**Tim Score** Non-Executive Director  
aged 60, appointed 1 January 2015

Chair of the Audit Committee and Member of the  
Nomination & Governance and Remuneration Committees

Tim has extensive experience of the technology sector in both developed and emerging markets, having served as Chief Financial Officer of ARM Holdings plc, the world's leading semiconductor IP company, for 13 years. He is an experienced Non-Executive director and serves as Chairman of The British Land Company plc, a role to which he was appointed in July 2019, a Non-Executive director of HM Treasury, and a Trustee of the National Theatre. Tim has garnered extensive financial and listed company experience during previous and current positions. He served on the board of National Express Group plc from 2005 to 2014, including time as interim Chairman and six years as the Senior Independent Director. Earlier in his career Tim held senior finance roles with Rebus Group, William Baird, LucasVarity plc and BTR plc.

**Sidney Taurel** Chair  
aged 72, appointed 1 January 2016

Member of the Nomination & Governance and  
Remuneration Committees

Sidney has over 45 years of experience in business and finance. He is currently a Director of IBM Corporation, a role from which he will be retiring in April 2021. Sidney is an advisory board member at pharmaceutical firm Almirall. He was Chief Executive Officer of global pharmaceutical firm Eli Lilly and Company from 1998 until 2008, Chairman from 1999 until 2008, and has been Chairman Emeritus since 2009. His 37-year career at Eli Lilly included time spent in Brazil, France, Eastern Europe, the US and the UK. He has previously held directorships at McGraw Hill Financial, Inc. and ITT Industries. In 2002, Sidney received three US presidential appointments to: the Homeland Security Advisory Council, the President's Export Council and the Advisory Committee for Trade Policy and Negotiations. Sidney is also an officer of the French Legion of Honour.

**Lincoln Wallen** Non-Executive Director  
aged 60, appointed 1 January 2016

Member of the Audit and Reputation & Responsibility Committees

Lincoln has extensive experience in the technology and media industries, and is currently CTO of Improbable, a technology start-up supplying next-generation cloud hosting and networking services to the video game industry. Lincoln was CEO of DWA Nova, a software-as-a-service company spun out of DreamWorks Animation Studios in Los Angeles, a position he held until 2017. He worked at DreamWorks Animation for nine years in a variety of leadership roles including Chief Technology Officer and Head of Animation Technology. He was formerly CTO at Electronic Arts Mobile, leading their entry into the mobile gaming business internationally. Lincoln is a Non-Executive Director of the Smith Institute for Industrial Mathematics and Systems Engineering. His early career involved 20 years of professional IT and mathematics research, including as a reader in Computer Science at Oxford.

### Directors' remuneration report (resolution 12)

The 2020 annual remuneration report is set out in the annual report on pages 100 to 121. The company believes that the remuneration report clearly demonstrates the link between our remuneration policy and practice, and the company's strategy and performance, as well as our commitment to shareholder engagement.

The remuneration report includes a letter from the Chair of the Remuneration Committee and provides details of the remuneration paid to the Directors during the year ended 31 December 2020, including any share awards made during the year.

Shareholders are invited to approve the annual remuneration report under resolution 12. This vote is advisory in nature and has no impact on past or future remuneration.

### Auditors (resolutions 13 and 14)

Resolutions will be proposed to reappoint Pearson's existing auditors, PricewaterhouseCoopers LLP (PwC), as auditors until the conclusion of the AGM in 2022 and to authorise the Audit Committee to determine the remuneration of the auditors.

### Directors' authority to allot shares (resolution 15)

As in previous years and further to the provisions of section 551 of the Companies Act 2006 (the Act), shareholders will be asked to grant the Board of Directors the authority to allot shares, grant rights to subscribe for shares, or convert any security into shares in the company (the new authority). If granted, the new authority would be valid until the close of the AGM in 2022 (or, if earlier, the close of business on 30 July 2022). If passed, the new authority (granted under part (A) of the resolution) would be limited to up to 251,243,876 ordinary shares (representing approximately 33.3% of Pearson's issued ordinary share capital as at 12 March 2021, the latest practicable date prior to the publication of this document). If the new authority (granted under part (B) of the resolution) were used in connection with a rights issue, it would be limited to up to 502,487,753 ordinary shares (representing approximately 66.6% of Pearson's issued share capital as at 12 March 2021).

In each case the number of shares to which the new authority applies is in addition to those committed to the various share option and employee share plans. At the date this document was approved by the Board, the Directors had no intention to exercise this authority, although they considered its grant to be appropriate in order to preserve maximum flexibility for the future. The Directors intend to seek the approval of shareholders to renew this authority annually.

As at the date of this document, the company does not hold any shares in the capital of the company in treasury.

### Waiver of pre-emption rights (resolutions 16 and 17)

As in previous years, authority will be sought to waive (under the provisions of section 570 of the Act) the statutory pre-emption provisions applicable to the allotment of equity securities for cash contained in section 561 of the Act. Such authority, if granted, will be valid until the close of the AGM in 2022 (or, if earlier, the close of business on 30 July 2022).

Resolution 16 contains a two-part waiver. The first is limited to the allotment of shares for cash up to an aggregate nominal value of £9,421,645.36 which represents approximately 5% of the issued ordinary share capital as at 12 March 2021. The second is limited to the allotment of shares for cash in connection with a rights issue to allow the Directors to make appropriate exclusions and other arrangements to resolve legal or practical problems which, for example, might arise in relation to overseas shareholders.

The waiver granted by resolution 17 is in addition to the waiver granted by resolution 16. It is limited to the allotment of shares for cash up to an aggregate nominal value of £9,421,645.36 which represents a further 5% (approximately) of the issued ordinary share capital as at 12 March 2021. This further waiver may only be used for an allotment of shares for cash for the purposes of financing (or refinancing, if the waiver is used within six months of the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Pre-Emption Group's March 2015 Statement of Principles.

Resolutions 16 and 17 are conditional on resolution 15 being passed.

As at the date this document was approved by the Board, the Directors had no intention to exercise the authorities under resolutions 16 and 17 although they considered their grant to be appropriate in order to preserve maximum flexibility for the future. In accordance with the Pre-Emption Group's March 2015 Statement of Principles, the Board confirms that it does not intend to issue shares for cash representing more than 7.5% of the company's issued share capital in any rolling three-year period to those who are not existing shareholders, save in connection with an acquisition or specified capital investment (as described above) without prior consultation with shareholders.

### Authority to purchase own shares (resolution 18)

As in previous years, shareholders will be asked to authorise the market purchase by Pearson of a proportion of its issued ordinary share capital, subject to the limits referred to below.

The Directors consider it prudent to be able to act at short notice if circumstances warrant. In considering the purchase of ordinary shares, the Directors will follow the procedures laid down in the Act and will take into account cash resources, capital requirements and the effect of any purchase on gearing levels and on earnings per equity share. At present, the Directors do not intend to exercise this authority but will keep the matter under review and they will only consider exercising the authority if satisfied that it would be in the best interests of the company and its shareholders as a whole to do so, having first considered any other investment opportunities open to the company.

Any purchase by the company of its own shares pursuant to this authority will be paid for out of distributable profits. Any shares which are repurchased will be dealt with in accordance with section 724 of the Act. The company is entitled to hold the shares as treasury shares, sell them for cash, cancel them or transfer them pursuant to an employee share plan.

The authority, which will expire at the close of the AGM in 2022 or 18 months from the date of the resolution (whichever is earlier), will be limited to a maximum purchase of 75,373,162 ordinary shares, representing approximately 10% of Pearson's issued ordinary share capital as at 12 March 2021. The maximum price (excluding expenses) to be paid per ordinary share on any occasion will be restricted to the higher of (i) 105% of the average of the middle market quotations of an ordinary share of the company derived from the London Stock Exchange Daily Official List for the five business days immediately

preceding the day on which the ordinary share is contracted to be purchased and (ii) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share on the trading venue where the purchase is carried out. The minimum price will be 25p per ordinary share.

Shareholders should understand that the maximum number of shares and the price range are stated merely for the purposes of compliance with statutory and Financial Conduct Authority (FCA) requirements in seeking this authority and should not be taken as any indication of the terms upon which the company intends to make such purchases.

The company's issued share capital as at 12 March 2021 was 753,731,629 ordinary shares of 25p each. The total number of options to subscribe for ordinary shares which were outstanding as at 12 March 2021 was approximately 2.41 million, which represents approximately 0.32% of the issued share capital of the company at that date. If the maximum number of 75,373,162 shares were to be purchased by the company (under resolution 18), the adjusted issued share capital would be 678,358,466 and the options outstanding would represent approximately 0.36% of the adjusted issued share capital.

### Notice of meetings (resolution 19)

Although the Articles of Association already grant the company the authority to call general meetings (other than annual general meetings) on 14 clear days' notice, under the Shareholders Rights Regulations this authority is required to be approved by shareholders annually, otherwise a minimum of 21 clear days' notice must be given.

The Directors believe it is in the best interests of the company and its shareholders as a whole to preserve the shorter notice period. However, the flexibility offered by this resolution will not be used as a matter of routine for general meetings, but only where, taking into account all of the circumstances, the Directors consider this appropriate in relation to the business to be considered at the meeting and if thought to be in the interests of the shareholders as a whole. If passed, this authority will be effective until the close of the AGM in 2022.

### Articles of Association (resolution 20)

We are proposing to adopt new Articles of Association (the New Articles) in order to update the company's current Articles of Association (the Current Articles) which were adopted in 2012.

The principal changes introduced in the New Articles are summarised in the Appendix on pages 12 to 13 of this document. Other changes which are of a minor, technical, procedural or clarificatory nature have not been summarised. Generally, the proposed amendments are to reflect recent developments in market practice and to bring clarity to the language in the Current Articles.

A copy of the New Articles, and a copy of the Current Articles marked up to show all proposed changes, are available for inspection at the offices of Freshfields Bruckhaus Deringer LLP, 100 Bishopsgate, London EC2P 2SR during normal business hours on any business day from the date of this notice until the conclusion of the AGM and at the AGM venue for at least 15 minutes prior to and during the AGM, or on the company's website at [plc.pearson.com/investors/shareholders/meetings](http://plc.pearson.com/investors/shareholders/meetings).

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. Any such access will be subject to health and safety requirements and any limits on gathering, social distancing or other measures imposed or recommended by the UK Government.

Subject to the passing of resolution 20, the New Articles will take effect from the conclusion of the AGM.

### Annual General Meeting

The resolutions referred to in this letter are included in the notice of AGM set out on pages 8 to 9 of this document. The AGM is to be held at 190 High Holborn, London, WC1V 7BH at 12:00 noon on Friday, 30 April 2021. Please complete and return the enclosed form of proxy in the prepaid envelope provided so as to reach the company's registrar, Equiniti, not less than 48 hours before the time of the meeting. Alternatively, you may register your vote online by visiting the registrar's website at [www.sharevote.co.uk](http://www.sharevote.co.uk) or, if you already have a portfolio registered with them, by logging onto [www.shareview.co.uk](http://www.shareview.co.uk). In order to register your vote online you will need to enter the Voting ID, Task ID and Shareholder Reference Number which are given on the enclosed form of proxy. If you are a member of CREST, you may register the appointment of a proxy by using the CREST electronic proxy appointment service. Further details are contained in the notes to the notice of AGM and in the form of proxy. As shareholders will not be able to attend the AGM this year, to ensure their votes are counted shareholders are strongly encouraged to appoint the Chair of the AGM as their proxy. Any other person appointed as a proxy will not be able to attend the AGM. If you are unable to attend the Pre-AGM Shareholder Event but would like to ask a question, please e-mail: [chairman-agm@pearson.com](mailto:chairman-agm@pearson.com).

Yours sincerely



**Sidney Taurel**  
Chair

24 March 2021

### Directors

**Chair**  
S Taurel

**Executive Directors**  
A Bird (Chief Executive)  
S Johnson (Chief Financial Officer)

### Non-Executive Directors

E P L Corley, S L Coutu, V Cox, L K Lorimer,  
M M Lynton, G D Pitkethly, T Score, L Wallen

Registered office: Pearson plc, 80 Strand, London WC2R 0RL, UK  
Registered in England  
Registered number 53723

# Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting (AGM or the meeting) of Pearson plc (Pearson or the company) will be held at 190 High Holborn, London, WC1V 7BH at 12:00 noon on Friday, 30 April 2021 to consider the following resolutions (of which 1-15 are ordinary resolutions and 16-20 are special resolutions):

1. To receive and consider the accounts of the company, the strategic report and the related reports of the Directors of the company (Directors) and the auditors of the company (auditors) for the year ended 31 December 2020;
2. To declare a final dividend for the year ended 31 December 2020 on the company's ordinary shares of 13.5 pence per share, as recommended by the Directors;
3. To elect Andy Bird as a Director;
4. To re-elect Elizabeth Corley as a Director;
5. To re-elect Sherry Couto as a Director;
6. To re-elect Sally Johnson as a Director;
7. To re-elect Linda Lorimer as a Director;
8. To re-elect Graeme Pitkethly as a Director;
9. To re-elect Tim Score as a Director;
10. To re-elect Sidney Taurel as a Director;
11. To re-elect Lincoln Wallen as a Director;
12. To approve the annual remuneration report for the year ended 31 December 2020;
13. To reappoint PricewaterhouseCoopers LLP as auditors for the ensuing year;
14. To authorise the Audit Committee to determine the remuneration of the auditors;
15. To consider and, if thought fit, to pass the following resolution which will be proposed as an ordinary resolution:

THAT, pursuant to section 551 of the Companies Act 2006 (the Act), the Board be generally and unconditionally authorised to allot shares in the company and to grant rights to subscribe for or to convert any security into shares in the company:

(A) up to an aggregate nominal amount of £62,810,969.08 and

(B) comprising equity securities, as defined in the Act, up to a further aggregate nominal amount of £62,810,969.08 provided that:

- (i) they are equity securities within the meaning of section 560(1) of the Act; and
- (ii) they are offered by way of a rights issue to holders of ordinary shares on the register of members at such record date as the Directors may determine where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held by them on any such record date and to other holders of equity securities entitled to participate therein subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter,

such authorities to expire (unless previously renewed, varied or revoked by the company in general meeting) at the close of the AGM in 2022 (or, if earlier, at the close of business on 30 July 2022), provided that, in each case, the company may make offers and enter into agreements during the relevant period which would, or might, require shares in the company to be allotted or rights to subscribe for, or convert any security into, shares to be granted, after the authority expires and the Board may allot shares in the company and grant rights under any such offer or agreement as if the authority had not expired.

16. To consider and, if thought fit, to pass the following resolution which will be proposed as a special resolution:

THAT, subject to resolution 15 being passed, the Board be given authority to allot equity securities (as defined in the Companies Act 2006 (the Act)) for cash under the authority given under resolution 15, free of the restriction in section 561(1) of the Act, such authority to be limited:

(A) to the allotment of equity securities in connection with an offer of equity securities (but in the case of the authority granted under resolution 15(B), by way of a rights issue only):

(i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings on the register of members at such record date as the Directors may determine; and

(ii) to people who are holders of other equity securities, if this is required by the rights of those securities or, if the Board considers it necessary, as permitted by the rights of those securities;

and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

(B) in the case of the authority granted under resolution 15(A), to the allotment (otherwise than under 16(A) above) of equity securities for cash with an aggregate nominal value of up to £9,421,645.36 (being approximately 5% of the issued ordinary share capital as at 12 March 2021),

such authority to expire (unless previously renewed, varied or revoked by the company in general meeting) at the close of the AGM in 2022 (or, if earlier, at the close of business on 30 July 2022), provided that during the relevant period the company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted after the authority expires and the Board may allot equity securities under any such offer or agreement as if the authority had not expired.



17. To consider and, if thought fit, to pass the following resolution which will be proposed as a special resolution:

THAT, subject to resolution 15 being passed, the Board be given authority to allot equity securities (as defined in the Companies Act 2006 (the Act)) for cash under the authority given by resolution 15, free of the restriction in section 561(1) of the Act and in addition to any power given to it pursuant to resolution 16, such authority to be limited:

in the case of the authority granted under resolution 15(A), to the allotment of equity securities for cash with an aggregate nominal value of up to £9,421,645.36 (being approximately 5% of the issued ordinary share capital as at 12 March 2021), and provided that the allotment is for the purposes of financing (or refinancing, if the power is used within six months of the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of the notice of the meeting, and

such authority to expire (unless previously renewed, varied or revoked by the company in general meeting) at the close of the AGM in 2022 (or, if earlier, at the close of business on 30 July 2022), provided that during the relevant period the company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted after the authority expires and the Board may allot equity securities under any such offer or agreement as if the authority had not expired.

18. To consider and, if thought fit, to pass the following resolution which will be proposed as a special resolution:

THAT, the company is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of ordinary shares of 25p each in the capital of the company provided that: (i) the maximum number of ordinary shares hereby authorised to be purchased is 75,373,162; (ii) the minimum price (exclusive of expenses) which may be paid for an ordinary share is 25p per share; (iii) the maximum price (exclusive of expenses) which may be paid for an ordinary share is, in respect of an ordinary share contracted to be purchased on any day, the higher of (a) an amount equal to 105% of the average of the middle market quotations of an ordinary share of the company derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is contracted to be purchased and (b) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share on the trading venue where the purchase is carried out; (iv) the authority hereby conferred shall expire at the close of the AGM in 2022 or 18 months from the date of this resolution (whichever is earlier) (unless previously renewed, varied or revoked by the company in general meeting); and (v) during the relevant period the company may make a contract to purchase ordinary shares under this authority prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of ordinary shares in pursuance of any such contract as if the authority had not expired.

19. To consider and, if thought fit, to pass the following resolution which will be proposed as a special resolution:

THAT, in accordance with the company's Articles of Association, the company be and is hereby authorised until the close of the AGM in 2022, to call general meetings (other than an annual general meeting) on not less than 14 clear days' notice.

20. To consider and, if thought fit, to pass the following resolution which will be proposed as a special resolution:

THAT, with effect from the close of the 2021 AGM, the Articles of Association produced to the meeting and initialled by the Chair of the meeting for identification purposes be adopted as the Articles of Association of the company in substitution for, and to the exclusion of, the Company's existing Articles of Association.

By order of the Board



**Graeme Baldwin**  
Company Secretary

24 March 2021

## Notes

1. Ordinary shareholders and/or nominee shareholders may appoint one or more persons (whether shareholders of the company or not) to act as their proxy or proxies to exercise all or any of their rights to attend, speak and to vote on their behalf at the meeting. Any such shareholder can appoint more than one proxy in relation to the AGM, provided that each proxy is appointed to exercise the rights attaching to different shares held by him/her. **As shareholders will not be able to attend the AGM this year, to ensure their votes are counted shareholders are strongly encouraged to appoint the Chair of the AGM as their proxy. Any other person appointed as a proxy will not be able to attend the AGM.** The form of proxy for use at the meeting must be deposited, together with any power of attorney or authority under which it is signed or a certified copy of the authority, at Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, not less than 48 hours before the time appointed for the AGM or any adjournment thereof. An appropriate form of proxy is enclosed. Details of how to appoint a proxy are also set out in the form of proxy. Alternatively, you may register your vote online by visiting [www.sharevote.co.uk](http://www.sharevote.co.uk) or, if you already have a portfolio registered with Equiniti, by logging onto [www.shareview.co.uk](http://www.shareview.co.uk). In order to register your vote online you will need to enter the Voting ID, Task ID and Shareholder Reference Number which are given on the enclosed form of proxy. Shareholders holding shares through Sharestore must submit votes by 12:00 noon on Tuesday, 27 April 2021.

2. CREST members who wish to appoint a proxy or proxies, or amend an instruction to a previously appointed proxy, through the CREST electronic proxy appointment service may do so for the AGM to be held at 12:00 noon on Friday, 30 April 2021 and any adjournment(s) thereof, by using the procedures described in the CREST manual (available via [www.euroclear.com](http://www.euroclear.com)). CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited (Euroclear)'s specifications and must contain the information required for such instructions, as described in the CREST manual. The message, regardless of whether it relates to the appointment of a proxy or to an instruction to a previously appointed proxy, must be transmitted so as to be received by the issuer's agent (ID: RA19) by no later than 12:00 noon on Wednesday, 28 April 2021 (or no later than two business days before the time appointed for any adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST proxy instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) is/are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

The company may treat as invalid a CREST proxy instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

3. Completion of a form of proxy, or the appointment of a proxy electronically, will not stop you from attending the meeting and voting in person should you so wish, should this be permitted under applicable COVID-19 restrictions.
4. Any corporation which is a shareholder can appoint one or more corporate representative(s) who may exercise on its behalf all of its powers as a shareholder, provided that if two or more representatives purport to vote in respect of the same shares (i) if they purport to exercise the power in the same way as each other, the power is treated as exercised in that way; and (ii) in other cases the power is treated as not exercised.
5. Given that current restrictions prohibit attendance at the AGM. Corporations should consider appointing the Chair of the meeting as a proxy to ensure their votes can be cast in accordance with their wishes.
6. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 (the Act) to enjoy information rights (a nominated person) may have a right, under an agreement between him/her and the shareholder by whom he/she was nominated, to be appointed (or to have someone else appointed) as a proxy for the AGM. If a nominated person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
 

The statement of the rights of shareholders in relation to the appointment of proxies in notes 1 and 2 above does not apply to nominated persons. The rights in relation to the appointment of proxies described in that note can only be exercised by shareholders of the company.
7. As at 12 March 2021 (being the latest practicable date prior to the publication of this notice) the company's issued share capital consisted of 753,731,629 ordinary shares, carrying one vote each. Therefore, the total number of voting rights in the company as at 12 March 2021 was 753,731,629. As at 12 March 2021, the company did not hold any shares in treasury.

8. The contents of this notice of meeting and certain other information (as required by section 311A of the Act) can be found at [plc.pearson.com/investors/shareholders/meetings](http://plc.pearson.com/investors/shareholders/meetings), including details of the total number of shares in respect of which shareholders are entitled to exercise voting rights at the meeting, details of the total of the voting rights that shareholders are entitled to exercise at the meeting and, if applicable, any shareholders' statements, shareholders' resolutions or shareholders' matters of business received by the company after the date of this notice.
9. The company, pursuant to Regulation 41(1) of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the company at 6.30pm on Wednesday, 28 April 2021 (the voting record date) (or, if the meeting is adjourned, at 6.30pm on the date which is two days prior to the adjourned meeting) shall be entitled to vote at the AGM in respect of the number of shares registered in their name at that time. Changes to the register of members of the company after 6.30pm on Wednesday, 28 April 2021 shall be disregarded in determining the rights of any person to vote at the meeting. **In view of the public safety measures currently imposed by the UK Government, neither shareholders, corporate representatives, nor proxies (other than the Chair of the AGM) will be able to attend in person. The company will, however, ensure that the legal requirements to hold the AGM are met by the attendance of a minimum number of director shareholders and/or employee shareholders.** All valid proxy votes (whether submitted electronically or in hard copy form) will be included in the poll to be taken at the AGM.
10. Under section 527 of the Act, shareholders satisfying the threshold requirements set out in that section have the right to require the company to publish on a website a statement setting out any matter relating to: (i) the audit of the company's accounts (including the auditors' report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstances connected with the auditors of the company ceasing to hold office since the previous meeting at which the annual accounts and reports were laid in accordance with section 437 of the Act. The company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the company's auditors not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the company has been required to publish on a website under section 527 of the Act.
11. The company must cause to be answered any question put by a shareholder at the meeting relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the company or the good order of the meeting that the question be answered. Given that shareholders will not be able to attend the AGM this year, please see note 15 for further details on the procedure to follow if you wish to submit a question regarding the business of the AGM.
12. Copies of the following documents are available for inspection during normal business hours on any business day at the offices of Freshfields Bruckhaus Deringer LLP, 100 Bishopsgate, London EC2P 2SR until the date of the AGM and also at the AGM venue for at least 15 minutes prior to the meeting until its conclusion:
- (a) the Directors' service contracts with, or letters of appointment by, the company; and
  - (b) the proposed New Articles and the Current Articles marked-up to show the proposed changes under resolution 20.
- 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. Any such access will be subject to health and safety requirements and any limits on gathering, social distancing or other measures imposed or recommended by the UK Government.
13. You may not use any electronic address provided either in this notice or any related documents (including the form of proxy) to communicate with the company for any purposes other than those expressly stated.
14. The results of the voting at the AGM will be announced through a Regulatory Information Service and will be posted on the company's website ([plc.pearson.com/investors/performance/regulatory-news](http://plc.pearson.com/investors/performance/regulatory-news)) as soon as possible following the AGM.
15. The Board recognises the opportunity that the AGM provides for shareholders to ask questions that they have relating to the company. Ahead of the AGM, at 2:00 pm on Monday 26 April 2021, we will live stream a presentation and hold a Q&A session with members of our Board to provide shareholders with an opportunity to hear from our Board members and ask questions relating to the business of the AGM. Please see page 2 of this notice for additional details.
- In order to join the webcast, please register at [www.investis-live.com/pearson-agm](http://www.investis-live.com/pearson-agm). Please also use this link to join the event on Monday, 26 April 2021.
- The registration deadline is at 2:00 p.m. on Thursday, 22 April, 2021, being 48 business hours prior to the event. In order to register, shareholders will need the following information:
- > Full Name
  - > Email address
  - > Shareholder number or URN (Unique Reference Number)
- If you wish to join by telephone, you do not need to register in advance. Please dial 020 3936 2999 or 0800 640 6441 15 minutes before the start of the meeting, quoting Access Code 072023, and have your shareholder number or URN (Unique Reference Number) to hand. Please note that only shareholders with a shareholder number or URN will be able to join by telephone. To join from outside of the UK please visit [plc.pearson.com/investors/shareholders/meetings](http://plc.pearson.com/investors/shareholders/meetings) for a full list of international numbers.
- For additional details, we have a 'how-to' registration guide that is available at [plc.pearson.com/investors/shareholders/meetings](http://plc.pearson.com/investors/shareholders/meetings).

# Appendix

## Summary of the Principal Proposed Amendments to the company's Articles of Association

### Hybrid General Meetings

To make it easier for shareholders (including those based overseas) to take part in future general meetings and to promote shareholder engagement, the New Articles permit the company to hold a combined physical and electronic shareholder meeting (a hybrid meeting). This provides the company with greater flexibility to determine the means of attendance at, and participation in, each general meeting, including whether shareholders shall be entitled to simultaneously attend and participate at a general meeting by means of electronic facility or facilities, in addition to attendance and participation at a physical place or places. Consequential changes to facilitate this amendment have been made throughout the New Articles, including amendments to the interpretation provisions regarding attendance and participation at general meetings.

To promote the interests of shareholders, the amendments also provide that:

- › the chair of the meeting must be satisfied that adequate facilities are available throughout the meeting to ensure that shareholders attending the general meeting by all means (including by means of electronic facilities) are able to participate in the business for which the meeting has been convened;
- › where a resolution is voted on at a general meeting where shareholders are participating electronically as well as at a physical meeting, such a resolution will be decided on a poll unless the chair determines that it will be decided on a show of hands; and
- › the Board may make changes to the arrangements for general meetings after notice of the meeting has been issued but before the meeting is held, if the Board decides it is impracticable or unreasonable to hold the meeting at the specified place or time and/or using the electronic facilities stated in the notice. The Board shall take reasonable steps to advertise the date and time of the meeting, and the means of attendance and participation, which may include advertising that information on the company's website.

The Board recognises the value and importance of shareholders being able to attend meetings in person and, accordingly, the proposed changes do not permit "virtual-only" meetings held exclusively on an electronic basis.

### Meeting security

We have included provisions permitting the Board to make relevant arrangements to ensure the security of a general meeting with respect to both the physical place at which it is held, and the electronic facilities used in connection with holding a general meeting, as well as to ensure the health and safety of those attending a general meeting at a physical place. This is in line with practices adopted by other large listed companies in recent years.

### Amending the Non-Executive Directors' aggregate fee cap

It is proposed that the aggregate cap on Non-Executive Directors' fees in the Current Articles (currently £750,000) be increased to £1m to ensure sufficient headroom. The current fee cap has been in place since 2008. While the Board currently has no plans for material increases to the base fees for Non-Executive Directors, the Board considers it appropriate to seek shareholder approval to increase the annual limit to provide flexibility for possible market increases in fees and the appointment of new Non-Executive Directors. It would also ensure that the company can execute any future succession planning and continue to attract skilled, diverse and experienced Non-Executive Directors. Any increases in the fees that are paid to Non-Executive Directors under this limit would be in line with the latest remuneration policy which is approved by shareholders.

### Untraced Shareholders

It is proposed that certain updates are made to the provisions relating to the forfeiture and sale of shares held by untraced shareholders to reduce the procedural burden on the company with respect to untraced shareholders. Similar amendments have been implemented in recent years by other large listed companies.

In particular, it is proposed to replace the requirement to place notices in national and local newspapers (amongst other things) to trace shareholders with a requirement for the company to use such efforts as the Board considers reasonable to trace the relevant shareholder or person entitled to the shares, which may include, if considered appropriate, engaging a professional asset reunification company or other tracing agent. Following such reasonable efforts to trace the relevant shareholder or person entitled, the company is required to send a notice to the last known address of the relevant untraced shareholder or person entitled if it intends to sell their shares.

The New Articles allow the company to sell shares owned by shareholders who are untraced after a period of eight years, rather than twelve years as prescribed in the Current Articles.

Under the New Articles, where the shares belonging to an untraced shareholder are sold, if no valid claim for the net proceeds of the sale has been received by the company within twelve months from the date on which the relevant untraced shares were sold, the net proceeds of sale will then be forfeited to the company, and the company can use these funds as the Board thinks fit. Likewise, any unclaimed dividend payable on a share that is sold pursuant to the above procedure, shall be forfeited and shall revert to the company.

### Forfeiture of Unclaimed Dividends

It is proposed to reduce the period following which unclaimed dividends will be forfeited and revert to the company from twelve to eight years.

### **Dividend payment method**

Certain changes are proposed to provide the company with additional flexibility to prescribe the manner in which dividends (or other moneys payable on or in respect of a share) are paid. The New Articles provide the Board with the flexibility to decide: (i) which distribution channel, or combination of channels, to use; (ii) whether to apply different payment methods to different shareholders or groups of shareholders; and (iii) where more than one payment method may be used for any shareholders or group of shareholders, whether the relevant shareholders may nominate one of these methods of payment.

### **Aligning the retirement/re-election of Directors with the company's established practice**

In line with the UK Corporate Governance Code, and reflecting the company's established practice, the New Articles provide for the retirement at each AGM of all of the company's Directors in office at the date of the notice of the AGM and for their annual re-election by shareholders at the AGM.

The New Articles propose that where a Director has been appointed after notice of an AGM has been despatched, that Director shall retire at the next AGM of which notice is first given after his or her appointment as Director.

### **Insufficient number of Directors**

It is proposed that a provision will be included in the New Articles to allow the company to function in circumstances where an insufficient number of Directors are appointed or re-appointed at any of the company's annual general meetings, thereby leaving the Board inquorate. In such circumstances, it is proposed that all Directors would be automatically re-appointed 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 would be 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 re-appointed at the original general meeting would then retire.

### **General changes**

In adopting the New Articles, the opportunity has been taken to update the Current Articles to reflect developments in market practice and legal and regulatory requirements, to provide additional flexibility and to clarify certain aspects of the operation of the Current Articles where necessary or appropriate.

It is also proposed that all gender references be made gender neutral in the New Articles, to demonstrate the company's continued support for diversity. These changes appear throughout the New Articles.

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