



Pearson plc

Schedule of matters reserved to the board

The following are matters reserved to the board:

1. Responsibility for the overall leadership of the company and setting the company's values and standards.
2. Determining the company's strategy in consultation with management and reviewing performance against it.
3. Any decision to cease to operate all or any material part of the company's business.
4. Major changes to the company's corporate structure (with appropriate exceptions for intra-group transactions), management and control structure or its status as a plc.
5. Major changes to the group's capital structure including reduction of capital, share issues (except under employee share plans), share buy backs (including the use of treasury shares), to the extent not delegated to the Standing Committee.
6. Approval of all shareholder circulars, resolutions and corresponding documentation to be put forward to shareholders at a general meeting and any press releases concerning matters decided by the board.
7. Approval of the financial Schedule of Authority of the Company to the extent not delegated to the Audit Committee, including in particular the CEO's authority limits.
8. All transactions or financial commitments exceeding the CEO's authority limits under the financial Schedule of Authority including:
 - a) Acquisitions, disposals, real estate and other corporate transactions above £15 million/\$25 million per transaction.

- b) Plant expenditures, royalties or other expenditures in excess of £30 million/\$50 million.
 - c) Approval of the capital expenditure budget.
 - d) Approval of non-standard or negotiated revenue transactions above £150 million/\$250 million per contract.
9. All uncapped performance guarantees and all other Pearson plc guarantees for which approval has not been delegated to the Standing Committee.
 10. Approval of group accounting policies.
 11. Setting interim dividends, recommending final dividends to shareholders and approving financial statements.
 12. Borrowing powers, in excess of those delegated to the Standing Committee.
 13. Appointment and removal of directors.
 14. Appointment and removal of the company secretary.
 15. Ensuring adequate succession planning for the board and senior management.
 16. Determining the remuneration of the non-executive directors, subject to the Articles of Association and shareholder approval as appropriate.
 17. Approving the written division of responsibilities between the chairman and the chief executive and approval of the terms of reference of board committees.
 18. Reviewing the group's overall corporate governance arrangements, including the performance of the board, its committees and individual directors and determining the independence of directors, in the context of its corporate governance obligations.
 19. Determining the nature and extent of the significant risks the company is willing to take in achieving its strategic objectives, maintaining sound risk management and internal control systems and commenting on such matters in line with the company's reporting obligations.
 20. Receiving reports from board committees on their activities.
 21. Approval of this schedule of matters reserved for board decisions.

The Articles of Association allow the board to delegate some of its powers to a committee. Any such delegated powers are contained in the terms of reference for the standing, remuneration, nomination & governance, reputation & responsibility and audit committees, which are available on request.