



Pearson

2018
Great Britain
Gender Pay
Gap Report



A message from
Anna Vikström Persson
Chief Human Resources Officer

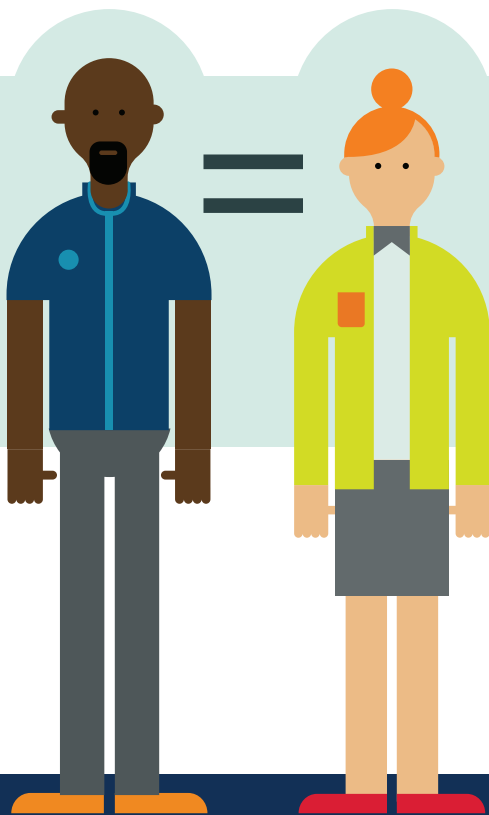
At Pearson, our values shape the way we think and act. Our value of decency guides us to be respectful, fair, and transparent in everything we do, and that includes the way we behave at work. Creating an inclusive working environment in which employees can flourish is of great importance. It's a top priority at Pearson not simply because it's the right thing to do, but also because it's critical to delivering outcomes that matter most to our learners. A wide variety of talents, backgrounds, and perspectives are essential to our business success. We want to represent the many customers whom we serve and embed diversity and inclusion in everything we do.

Pearson believes in the power of difference and we have a robust action plan in place to grow our diversity and inclusion efforts. We want all of our people to reach their true potential. We are particularly focused on increasing female representation, and creating opportunities for women at the more senior levels of the company. Our second Great Britain gender pay gap report shows that we are making progress, but confirms that we still have a lot of work to do. Pearson's overall median gender pay gap for 2018 as of the snapshot date of April 5th 2018 is 14 percent, a small improvement on 2017's figure of 15 percent. Pearson's mean gender pay gap remains steady year on year, at 21 percent.

This is not a surprise—we know it takes time and sustained effort to thoughtfully address gender diversity. We will collaborate with individuals and teams at all levels to combat implicit bias in our systems, processes, and policies. Building an equitable workplace is a responsibility all employees must share. It is good for everyone. In this report, we reaffirm our commitment to diversity and inclusion and put forward the steps that we are taking to improve the employee experience.

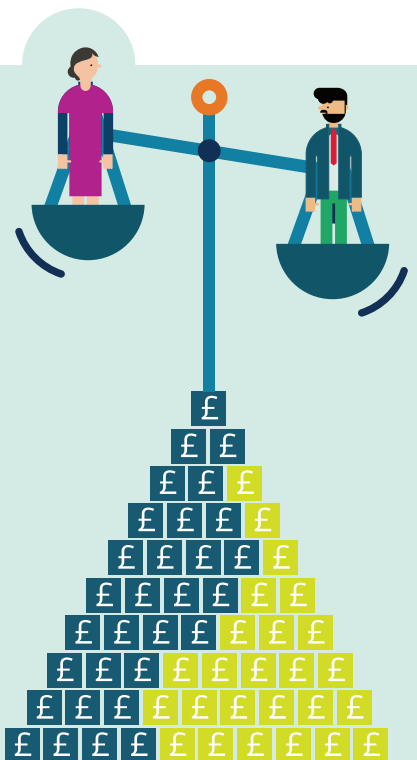
Gender Pay Reporting vs. Equal Pay

Gender Pay and Equal Pay are not the same. Gender Pay looks at the balance of men and women at each level of the organization by compensation. Equal pay refers to men and women being paid the same for doing equal work. Gender is not a factor in salary determination at Pearson. We use a career framework model to determine a position grade level and salary, and our pay policies and practices are gender neutral.



The GENDER PAY GAP shows the difference in pay of men and women across the organisation measured by hourly pay and bonus. The gap is influenced by the balance of men and women within four pay quartiles across the organisation.

But **EQUAL PAY** is different... it relates to men and women being paid equitably for doing equal work. Factors that influence individual pay at Pearson include performance and experience.



Gender is not a factor in pay determination at Pearson. We use a career framework model to determine a role's grade, salary range and incentive opportunity.

Our gender pay gap

For 2018, we are reporting combined data for all our employees in Great Britain regardless of whether or not they work in companies that exceed the reporting threshold of 250 or more employees.

Gender Pay Gap	2017		2018	
Percentage of Great Britain employees included	94%		100%	
	Median	Mean	Median	Mean
Gender Pay Gap	15%	21%	14%	21%
Gender Bonus Pay Gap	52%	18%	49%	12%
Proportion of men and women receiving a bonus	Male	Female	Male	Female
	64%	63%	70%	67%

For gender pay and bonus pay gap information for each reporting legal entity and the overall group, see page 10.

A note about the data

Like many companies, Pearson is made up of a number of employing entities. Last year, we reported combined data from the five legal entities across Great Britain that had 250 or more employees and, therefore, were within the scope of the regulations. The entities accounted for about 4,000 people (94% of the Pearson workforce in Great Britain).

As a result of Pearson’s ongoing efforts to simplify the business and remove complexity, this year only two of our seven employing legal entities (Pearson Education Limited and Pearson Professional Assessments Limited) had more than 250 employees. Together they represent 79% of the Great Britain workforce. Even though the three entities (Pearson Management Services, Pearson Shared Services Limited, and TQ Education and Training Limited) that were included last year are now below the reporting threshold, we have decided to disclose our gender pay and bonus pay gap data for all of our entities regardless of the reporting threshold, because we believe this consolidated figure is more meaningful and representative of our employee footprint in Great Britain. Pearson has a significant number of employees in Northern Ireland who are not included in our disclosures, as they are outside the scope of the regulations.

Why do we have a gender pay gap?

The gender pay gap is the difference between the average earnings of men and women across the organisation.

Analysis of our data shows that a gender pay gap exists at Pearson in Great Britain primarily because fewer women have advanced into senior level roles.

Pearson uses a career framework to provide consistency on how we assess and grade our people.

In addition to the Pearson Executive, we recognise seven standard job grades from Entry level (B) to Senior Leadership (H). Within our standard job grades, we have:

- **More women than men below Director level (E in our career framework);**
- **Fewer women than men at Director level and above.**

Closing the gap

Our gender pay gap shows that we need to focus on eliminating workplace barriers so that our people can fulfil their potential. We need to create more opportunities for women to progress to bigger and broader roles. Understanding the challenges we face means we can accelerate the pace of change.

What progress has there been in 2018 compared to 2017?

Our median gender pay gap has slightly improved while the mean remained unchanged over the 12-month reporting period. During the reporting period, we have seen the following shifts:

- **An increase in the proportion of female new hires at Director level and above**
- **More than half of the people in our 2018 apprenticeship scheme cohort are women (58%).** The apprentice scheme is a skills development programme offered by Pearson to employees.

Meaningful change takes time and although more work needs to be done to close the gender pay gap, we are moving in the right direction. We will continue to build a healthy organization, strengthen our programmes, and track our progress along the way. We look forward to seeing the long term results of our efforts.

Our Approach

While we fully acknowledge that there are actions we must take in order to build a better Pearson, we are encouraged by the momentum we've seen with many of our recent initiatives.



We look at our position in key indices and benchmarks to help assess how we're doing on promoting a diverse and inclusive environment. In 2018, we were proud to be awarded Top Employer status in the UK by Working Mums, a leading job and community site for professional mothers. We have partnered with Working Mums on case studies featuring female role models at Pearson to highlight unique experiences and offer insight into some of our best practices around flexible working and career progression. Additionally, Equileap, an organisation dedicated to gender equality in the workplace, ranked Pearson in the list of top 10 UK companies for Gender Equality.

Pearson has hired a Senior Vice President of Diversity & Inclusion, who is responsible for working with our executive team to define and shape a global, multi-year, diversity and inclusion strategy that will strengthen our culture, brand, and business impact. We believe that this new role will help put our strategy into action and drive further accountability across the company.

Actions to reduce the gap

Our action plan to address the gap focuses on five key areas:

- **Supporting, mentoring, and fostering the professional development of high-potential women;**
- **Encouraging the empowerment of women and the formation of networks;**
- **Improving recruitment and pipeline practices to enhance senior female representation;**
- **Shaping our policies and culture around returning to work and flexible working; and,**
- **Ensuring the consistent engagement of executive management and senior leaders in diversity and inclusion initiatives.**

Focus Areas

Major Initiatives

Development, Support, and Mentoring

- Established the Mentoring for Women in Leadership programme, which links members of the Pearson Executive to aspiring key female talent at the Vice President level.
- Launched Board Mentoring for Women in Leadership, a 10-month programme providing female Senior Vice Presidents with one-to-one learning partnerships with a Pearson Board member.
- Incorporated gender consideration as a factor in global executive development programmes.
- Continued participation in the 30% Club mentoring scheme. The 30% Club mentoring scheme aims to offer cross-company, cross-sector mentoring to women at every level. In 2018, Pearson was awarded the Dynamic Mentoring Organisation of the Year by Women Ahead for a second time.



Empowerment

- Started a programme to evolve employee resource groups into business resource groups through a maturity model, creating more visible leadership roles. Our employee resource groups exist to engage and inspire employees to champion inclusion and celebrate our differences.
- Expanded the number of 2019 diversity advocates, a global network of individuals who dedicate time to advance diversity.

Recruitment and Pipeline

- Introduced a requirement for diverse slates of candidates when recruiting at Vice President level roles and above.
- Tested an augmented writing AI app designed to write job descriptions and job adverts in ways that are gender neutral.

Policies and Culture

- Completed a diversity and inclusion audit of all HR policies and practices covering Great Britain. As a result, enhancements have been made to our family-friendly policies—in particular, Pearson's paternity leave policy in the UK, which now offers four weeks of paternity leave with full pay instead of two weeks.
- Launched a communications campaign on returning to work, which is designed to change mindsets and to think beyond maternity leave.
- Created and pushed content to our employees explaining the Pearson approach to agile and flexible working. More than 30% of the UK workforce takes advantage of flexible working, with many more adopting agile working.
- Hosted our annual Global Diversity and Inclusion Week to celebrate role models, focus on success, share best practices, and raise awareness of diversity and inclusion plans for the year ahead.

Executive Ownership, Accountability & Engagement

- Investing in an enhanced centre of expertise for diversity and inclusion to support our goals of advancing the agenda globally.
- Adopting 'improving gender representation at the top two levels of the company' as a formal diversity and inclusion goal and embedding this into the HR 2023 strategy map.
- Launching a global diversity and inclusion council chaired by the CEO to oversee progress and drive accountability for diversity goals.
- Conducting diversity reviews with the senior leadership teams of each geography and enabling function. Each country within Core, including the UK, has completed a self-assessment diversity and inclusion scorecard and prepared a longer-term action plan.

Senior leaders supporting national campaigns

The 30% Club is an organisation that aims to develop a diverse pool of talent for all businesses through the efforts of its Chair and CEO members. Our Global Chief Executive Officer, John Fallon, has signed up to support the 30% Club ambition of reaching a minimum of 30% women in senior leadership teams of FTSE100 companies by 2020. Pearson has met that target with women accounting for 32% of our senior leadership team. Our commitment is to increase that total.

In 2017, Pearson endorsed the Inclusion Action Plan launched by the Publishers Association (PA), our industry trade body in the UK. The plan sets out 10 commitments in relation to race as well as gender. One aim of the plan is to see the UK industry report a gender balance in senior leadership roles by 2020. Our President of Core Markets represents Pearson on the PA governing body.

Women in Leadership and Learning (WiLL)

Our Women in Learning & Leadership (WiLL) network currently engages approximately 5,000 employees in 14 chapters and five countries to help advance women at Pearson through career management, professional development, and networking initiatives. The UK chapter of WiLL is the most active. The network conducted a learning session on gender pay focusing on positive changes, which was presented by the Fawcett Society, the UK's leading charity campaigning for gender equality and women's rights.

WiLL is made up of men and women who champion gender balance at Pearson. In 2018 the Company's Chief Financial Officer, who is a key male advocate, was designated as WiLL's global executive sponsor. Our global employee resource groups are the following:

- **Generation Pearson**
- **Pearson ABLE**
- **Pearson BOLD**
- **Pearson Latino Network**
- **Pearson Parents**
- **Pearson Spectrum (LGBT+)**
- **Pearson Veterans**
- **PRIME (Black Asian & Minority Ethnic)**
- **Women in Leadership & Learning (WiLL)**



Case studies

Phased return after maternity leave

Fayazee Santally plans on celebrating her ninth anniversary at Pearson in June. During her time at Pearson, she has dealt with numerous front line enquiries from customers. She's also had four children.

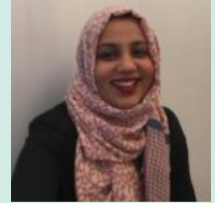
Today Santally's children range in age from eight months to 6 years old. She believes she's able to be a wonderful mother and a great employee because of Pearson's phased return to work policy. The policy was implemented to enable individuals to ease back into the working environment after maternity leave, adoption leave, and shared parental leave. Santally learned about this benefit when she was pregnant with her first child. After meeting with her HR advisor, she was immediately excited about how a phased return to work would help her balance family and work responsibilities.

Santally opted to use the phased return policy after her first three pregnancies and she plans on using this option again when she returns to work in July. "I can go back for three days a week for the first eight weeks and I'm still paid full-time for those first eight weeks. That helps me massively in terms of transitioning back to work. It helps the baby too," she said. Santally is an advocate of the phased return policy because without it, she likely would have stopped working. "All companies should offer a phased return in my opinion. I've experienced it. I've gone through it. It has helped me come back to Pearson and retain my job."

"If it wasn't for phased return, I would have thought, 'Do I need to return to work or do I not?' "

Fayazee Santally

Subject Specialist,
UK Customer Services
Implementation



Pearson Executive Management (PEM) mentoring and sponsorship programme

"The reason we are here is because you're really good at your job, so let's put that aside and talk more broadly. Where can you make an impact within wider Pearson? What can you do that is outside your remit that will improve Pearson?"

That was one of the first things Amis' mentor, Kevin Capitani, President of Pearson North America, said to her. They were paired together as part of the Pearson Executive Management Mentoring & Sponsorship programme, Pearson's effort to prepare high-potential women to lead our business and strengthen our senior leadership team. Each division in Pearson nominated someone; Buddhika was invited to join the programme by leaders in Global Corporate Affairs & Marketing.

"I have a clear idea of where I want to go, so we worked on identifying my current skills, the gaps, and how we could go about filling those gaps," said Amis. Amis and Capitani also discussed more tactical issues such as navigating challenging scenarios and making the most of new opportunities. "I learned how to frame an idea in a wider business context because of the coaching I received from Capitani. Talking to him gave me the confidence to reach out to the right people, float new ideas, and figure out how to make them work. I think encouraging idea sharing among employees at all levels creates a massive and much needed level of mobility within the company."

Though the formal mentorship lasted six months, Amis was keen on building a relationship that extended beyond the programme. The pair still keep in touch today. Amis said, "It's a huge opportunity to learn from one of the executive leaders, particularly because Kevin is highly respected as a leader and our values are aligned."

"Most of us need support and guidance at various stages of our career. There are many people at Pearson who are passionate about helping others and we should all look to make meaningful connections with each other."

Buddhika Amis

Director,
Global Marketing
Campaigns



Statutory Declaration

		Pearson Education Limited	Pearson Professional Assessments Limited	Pearson GB
	Number of employees	2077	959	3832
Gender pay gap	Mean gender pay gap	15%	12%	21%
	Median gender pay gap	9%	0%	14%
Proportion of men and women by pay quartile	Quartile 1 (lowest) Men	35%	39%	38%
	Quartile 1 (lowest) Women	65%	61%	62%
	Quartile 2 Men	39%	41%	41%
	Quartile 2 Women	61%	59%	59%
	Quartile 3 Men	41%	41%	44%
	Quartile 3 Women	59%	59%	56%
	Quartile 4 (Highest) Men	48%	53%	54%
	Quartile 4 (Highest) Women	52%	47%	46%
Gender bonus gap	Mean gender bonus gap	42%	62%	49%
	Median gender bonus gap	3%	34%	12%
	Proportion of men receiving a bonus	91%	19%	70%
	Proportion of women receiving a bonus	88%	15%	67%

As the executive responsible for oversight of Gender Pay Gap Information reporting across all statutory entities, I confirm that the data and information presented in this report are accurate and meet the requirements of the UK Equality Act 2010 (Gender Pay Gap Information) Regulations.



Anna Vikström Persson
Chief Human Resources Officer

[1] The Pearson GB disclosure is a consolidated figure covering all Pearson employees in England, Wales, and Scotland regardless of entity. This is the most meaningful and comprehensive picture for Pearson and the metric we track within Pearson. In 2018, Pearson Education Limited and Pearson Professional Assessments Limited were the two entities with more than 250 employees and within the scope of the regulations. In 2017, three additional entities - Pearson Management Services; Pearson Shared Services Limited; and TQ Education and Training Limited - were also in scope. All three reported lower median pay gaps compared to 2017.