

2017 UK Gender Pay Gap

UK Gender Pay Reporting as of April 2017

March 1, 2018



2017 Gender Pay Gap Reporting: UK

Recently, the UK introduced legislation requiring companies with more than 250 employees in Great Britain to report on their [gender pay and bonus gap](#) in that area.

As we began our analysis in preparation for our own report, we realized that, as part of our commitment to reducing inequality, we could be doing more. The report results help illustrate where we see challenges. We must improve diversity and inclusion across our businesses.

Pearson is a company with a social mission: to help people progress in their lives through learning. That mission, along with our core values, is what defines us. We are committed to helping to reduce inequality, and value the unique skills, perspectives, and backgrounds of our employees. We want to ensure our environment is inclusive, to allow each individual to shine. We have made the commitment to extend gender pay reporting globally by 2020.

We value the unique skills, perspectives, and backgrounds of our employees. The more diverse our people and inclusive our culture, then the better we can be at meeting the needs of our customers and learners around the world.

Anna Vikström Persson
Chief Human Resources Officer

Gender Pay Gap Reporting UK

Pearson has five such statutory entities in the UK* that fall within the scope of the legislation:

1. Pearson Education Limited
2. Pearson Management Services Limited
3. Pearson Professional Assessments Limited
4. Pearson Shared Services Limited
5. Pearson TQ Education and Training Limited

A summary of data covering all five entities is detailed in this report. Together, these entities employ approximately 4,000 employees, which is 94% of the Pearson workforce in Great Britain. A breakdown for each of these entities as well as a description for each company is attached as an appendix to this document.

**Pearson also has a growing presence in Northern Ireland, which is a global financial and accounting hub for the company. The 115 people at that office are not covered by the regulations, which only apply in Great Britain, i.e. England, Scotland, and Wales.*

Report Statistics:

4,000 Pearson Employees in Great Britain

94% of Pearson's GB employees

44% Male

56% Female



Equal Pay vs. Gender Pay Reporting

Gender pay and equal pay are not the same. Gender pay looks at the balance of men and women at each level of the organisation, by compensation. Equal pay relates 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.

Gender pay shows the difference in total compensation of men and women in the organisation measured by hourly pay and bonus.

For this report, the gap is influenced by the number of men and women within each of four pay bands (or quartiles) across the organization

Equal pay relates to men and women being paid the same base salary for doing equal work.

Factors that do influence pay would include annual performance reviews and length of service.



Gender Pay Gap Reporting

The information required by the gender pay regulations

1. The average difference between salary and bonus for males and females over a 12-month period. This is the 12 months up to 5 April 2017.
2. The proportion of males and females receiving bonus pay
3. The proportion of males to females by quartile bands of pay level

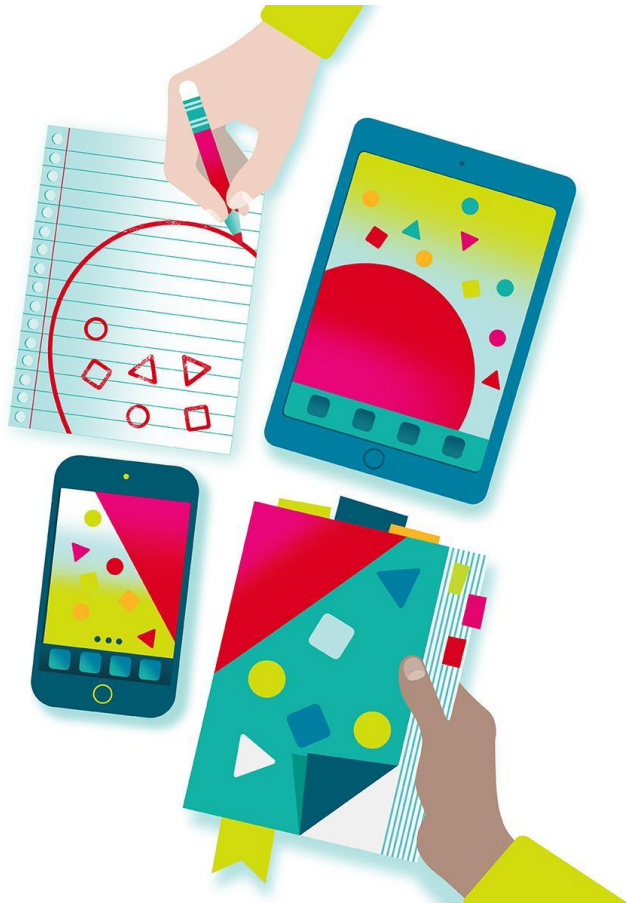
Average Gender Pay and Bonus Gap for Pearson's relevant entities for the 2017 time period

The difference between the pay and bonus pay of male employees and that of female employees is expressed as a percentage of the pay of male employees within the specified time period. The median and mean difference is reported. The smaller the number, the narrower the gap.

What is the median and mean?

Median *When all of the values in a set are arranged in numerical order, the value in the exact middle is the median. In the case of an even number of values, the average of the middle two values is the median.*

Mean *The mean is the average of a set of values, i.e. for gender pay, this is calculated by adding together all pay and dividing by the total number of employees.*



Pay Gap by Quartile

Results for Great Britain

The ratio of females to males is listed within quartile bands from highest to lowest below. Quartile bands split the workforce into four equal quarters by amount paid. Quartile 4 includes the top 25% of earners, while Quartile 1 contains the lowest 25%.

% (actual number of employees)

Upper Quartile

Top 25% of earners



Male: 55% (547)
Female: 45% (442)

Third Quartile



Male: 42% (413)
Female: 58% (557)

Second Quartile



Male: 41% (408)
Female: 59% (582)

Lowest Quartile

Bottom 25% of earners



Male: 38% (376)
Female: 62% (614)

Gender Pay Gap

Results for Great Britain

The median pay gap for the twelve-month period ending 5 April, 2017 at Pearson’s businesses in Great Britain was 15%. In comparison, the Office of National Statistics (ONS) median is reported at 18.8% for Great Britain employees (full-time and part-time).

Analysis of the data shows that the gender pay gap at Pearson in Great Britain is primarily a result of having fewer women in senior level roles.

This pay and bonus gap data is based on hourly rates of pay. Bonuses reflect amounts paid in the year ending as of that date.

	Median	Mean
Gender Pay Gap	15%	21%

Career Framework

In 2016, Pearson introduced a career framework to provide consistency on how we assess and grade our people. In addition to the Pearson Executive, we recognise eight standard job grades from the entry-level (A) to the senior leadership (H). Within those 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

Gender Bonus Gap

Results for Great Britain

For the twelve-month period ending 5 April, 2017, the median bonus pay gap for Pearson’s businesses in Great Britain was 18%, and the mean was 52%. This is because there were fewer women in senior bonus-eligible roles during this time period. In terms of eligibility, the proportion of men and women receiving a bonus was largely equal.

This pattern could change year by year.

Gender Bonus Gap	Median	Mean
	18%	52%

Proportion of males and females receiving bonus pay

64%



63%



What does this mean for Pearson?

There is a huge opportunity here. If we can understand why women are underrepresented in senior roles, we can tap into a broader pool of talent.

We are already working to understand how we can support women to realise their full potential and to progress into the most senior roles. The gender pay data helps us understand the scale of the challenge.

We are working hard to **narrow the gap**, push further with our **commitment to diversity and inclusion**, and develop a **strong pipeline of diverse leaders**.

We will extend the collection of gender pay gap data from the UK to our global operations by 2020



Our Commitment to Diversity & Inclusion

We value the power of our differences. Our global Diversity & Inclusion programme aims to build a better, stronger company for our employees, our learners, and the communities we serve.

We aspire to maintain a work environment that's inclusive as well as diverse, in which our people can be themselves. And we're building a culture of innovation and learning where every idea and perspective is valued.

More broadly, Pearson supports the 2030 Agenda for Sustainable Development as adopted by United Nations member states. The agenda includes 17 Sustainable Development Goals of which Goal 10 is to reduce inequalities within and among countries. We are committed to promote equal opportunities for all.



Developing a Strong Pipeline of Diverse Leaders

The key question facing Pearson is how to support women to progress into our most senior roles.

Women in the succession pipeline

The Talent team is looking at how to make more high-level career progression opportunities available for women, and ensure that all leadership development programmes are as diverse as possible.

As part of Pearson's commitment to understanding and addressing a range of issues of diversity, we commissioned a study with an external organisation to understand the challenges for women progressing to and beyond director level within our organisations in the UK. From this research, we will build interventions to address the challenges and help break down the barriers.

In October 2017, we launched three new management and leadership programmes. All programmes will include a module on unconscious bias, and the participant groups will be gender-diverse.

We do our best to ensure all open roles have a gender diverse talent pool through proactive market mapping and intelligence. Agencies and search firms from January 2018 will be mandated via our contracts with them to present a gender-diverse slate. We work with leaders, hiring managers, HR and external suppliers to ensure consistent assessment and selection activities. Our Talent Acquisition and HR Business Partner teams have participated in Unconscious Bias training to inform our internal and external recruiting processes.



Developing a Strong Pipeline of Diverse Leaders

Employee Resource Networks

Our Diversity & Inclusion team supports our employee resource groups (ERGs), including Women in Learning & Leadership (WILL). WILL currently engages more than 5,000 employees in 17 chapters and five countries to help advance women at Pearson through career management, development and networking initiatives. The UK chapter of WILL is the most active.

Cross-company mentoring and networking programme

We participate in the cross-company mentoring programme set up by the 30% Club aimed at supporting the development of talented mid-career women. It matches male and female leaders to mentor women from different organisations. In 2017/2018, Pearson will have had 10 mentees and 10 mentors participate, and we've previously had 28 people participate in mentoring cohorts. The programme includes monthly learning events that also provide a platform for building networks. In the long-term, the goal is to improve the number of women attaining senior leadership and board roles in their respective organisations.

Flexible workplace

Pearson offers all employees with 12 or more months service the opportunity to apply for a variety of flexible work arrangements. We commit to providing options for working remotely, working from home, and other flexible working arrangements wherever possible. As a result of our policy, we see an increasing diversity in working arrangements including field-based and home-based workers.



Narrowing the Gap

Increasing Diversity & Inclusion is a critical element of Pearson's strategy. Several initiatives are already in place to address our gender pay gap, and new activities are being developed as part of our 2018 Talent plan. The gender pay gap data that is released each year going forward will be used to help assess our progress.

WHAT WE ARE DOING IN THE UK

Inclusion Action Plan

In 2017, Pearson endorsed the Inclusion Action Plan launched by the Publishers Association, our industry trade body in the UK. The plan sets out ten 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.

The 30% Club

Pearson is a founding member of the 30% Club, launched as a campaign in the UK in 2010 with a goal of achieving a minimum of 30% women on FTSE-100 boards. Currently, 27% of Pearson board members are female. Since 2014, Pearson has largely met or exceeded the target and remains committed to it. This exceeds the 25% target for female Board representation to be achieved by 2015 set by Lord Davies at the launch of the 2011 Women on Boards Report



Narrowing the Gap

WHAT WE ARE DOING GLOBALLY

Driving our Talent Agenda

The Diversity & Inclusion (D&I) team is a global resource within Human Resources' Talent Centre of Expertise. The team partners with Recruitment, Learning & Development and Talent Development to further our policy and programme development and implementation.

Championed by the CEO, a new Pearson Executive Management Committee on Diversity was launched in October 2017. This committee is charged with increasing D&I sponsorship, measurement, and investment across Pearson, and aim to communicate a new plan in 2018. They will report progress regularly to the Remuneration and the Reputation and Responsibility Committees.

Unconscious bias training

Unconscious bias occurs when one group is favoured over another based on characteristics not related to ability. We are aiming to increase awareness of unconscious bias among our managers, and in our talent acquisition activities. Over the last 18 months, over 1,000 business leaders and managers — as well as HR business partners and recruiters — have completed unconscious bias training. We are building out plans to increase our training in this area in 2018 for the UK and elsewhere, including incorporating modules into our management development programmes, such as Lead to Succeed and Manager Fundamentals.

Gender intelligence training

This workshop is designed to equip people to recognize the unique skills of both men and women to enhance collaboration and understanding across gender differences. To date, 300 Pearson employees have attended Be Gender Intelligent workshops in 2017. This workshop will be run with the Pearson Executive Management team in the first quarter of 2018.



For more information

We hope you have found this document of use and interest. If you have any questions, or thoughts on ways we can improve our gender pay gap reporting, we would be pleased to hear from you. You can email us at sustainability@pearson.com.

APPENDIX

Statutory Declaration

UK Gender Pay Reporting

1. Pearson Education Limited
2. Pearson Management Services Limited
3. Pearson Professional Assessments Limited
4. Pearson Shared Services Limited
5. TQ Education and Training Limited

Analysis – Pearson Education Limited

Proportion of males and females receiving bonus pay

88%



86%



	Median	Mean
Gender Pay Gap	3%	8%
Gender Bonus Gap	4%	45%
Proportion of Females and Males in each quartile band		
Quartile	Female	Male
Quartile 4 (Highest)	51%	49%
Quartile 3	60%	40%
Quartile 2	64%	36%
Quartile 1 (Lowest)	61%	39%

Total number of employees: 2105

Male: 868

Female: 1237

Suzi Brennan

Suzi Brennan
 Director, Pearson Education Limited
 Senior Vice President, Finance Core & Growth Markets

- Pearson Education Limited (PEL) represents the education business in the UK covering Schools, Higher Ed, Qualifications, BTEC and Apprenticeships.
- Whilst the pay gap is low compared to some of the other entities, its higher mean bonus gap is driven by the higher proportion of males in Director level and above roles which have corresponding higher bonus opportunities.

Analysis – Pearson Management Services Limited

	Median	Mean
Gender Pay Gap	33%	32%
Gender Bonus Gap	59%	64%
Proportion of Females and Males in each quartile band		
Quartile	Female	Male
Quartile 4 (Highest)	34%	66%
Quartile 3	58%	42%
Quartile 2	64%	36%
Quartile 1 (Lowest)	72%	28%

Total number of employees: 296

Male: 128

Female: 168



Sally Johnson
Director, Pearson Management Services Limited
Deputy Chief Financial Officer

Proportion of males and females receiving bonus pay

81%



88%



- Pearson Management Services is the entity that covers Global Head Office and primarily includes functions such as Finance, Human Resources, and Global Corporate Affairs and Marketing.
- Pay gaps in Pearson Management Services are driven mainly by the fact that we have three members of the executive team in this entity who are male, including the CEO and CFO.

Analysis – Pearson Professional Assessments Limited

	Median	Mean
Gender Pay Gap	0%	11%
Gender Bonus Gap	20%	65%
Proportion of Females and Males in each quartile band		
Quartile	Female	Male
Quartile 4 (Highest)	44%	56%
Quartile 3	41%	59%
Quartile 2	78%	22%
Quartile 1 (Lowest)	62%	38%

Total number of employees: 1047
Male: 460
Female: 587



Dr. Gary A Gates
Director, Pearson Professional Assessments Limited
Senior Vice President - Global Business, Pearson VUE

Proportion of males and females receiving bonus pay

18%



13%



- Pearson Professional Assessments Limited consists of predominantly Assessment employees who are generally on hourly paid salaries.
- The higher bonus gap is driven by the much higher proportion of males in Director and above roles which have corresponding higher bonus opportunities.

Analysis – Pearson Shared Services Limited

	Median	Mean
Gender Pay Gap	60%	41%
Gender Bonus Gap	64%	40%
Proportion of Females and Males in each quartile band		
Quartile	Female	Male
Quartile 4 (Highest)	18%	82%
Quartile 3	22%	78%
Quartile 2	58%	42%
Quartile 1 (Lowest)	77%	23%

Total number of employees: 258

Male: 146

Female: 112



Rachel Coulson

Director, Pearson Shared Services Limited

Senior Vice President, Finance - Global Product, Technology & Operations, Enabling Functions

Proportion of males and females receiving bonus pay

86%



92%



- Pearson Shared Services is mainly made up of Technology and Operations.
- The significant pay and bonus gaps are due to the much higher proportion of males in manager level and above.

Analysis – TQ Education and Training Limited

	Median	Mean
Gender Pay Gap	33%	28%
Gender Bonus Gap	60%	68%
Proportion of Females and Males in each quartile band		
Quartile	Female	Male
Quartile 4 (Highest)	22%	78%
Quartile 3	29%	71%
Quartile 2	48%	52%
Quartile 1 (Lowest)	81%	19%

Total number of employees: 297

Male: 162

Female: 135



Martyn Leader
Director, Pearson TQ Education and Training Limited
Vice President, Pearson TQ Education and Training Limited

Proportion of males and females receiving bonus pay

44%



31%



- TQ Education and Training Limited is a vocational training provider in the UK.
- Key driver in the pay gap is the fact there is a significantly higher proportion of males in senior roles, especially at Director level and above.
- In addition, there is a high proportion of males delivering our sports and outdoor education (climbing, hill walking, canoeing, etc.) activities.

ALWAYS LEARNING