



Pearson

Gender Pay Gap Report

2019

Great Britain



A Message From Anna Vikström Persson

Fostering a working environment where a diverse workforce can flourish is at the top of our people agenda. This is not a 'nice to do', but critical for us if we are to deliver for our customers and learners. The ability to harness diverse perspectives and experiences is essential to our business success. To recognise this, Pearson has adopted 'Making the most of our world of talent' as a global company goal for 2020.

We want all our people to achieve their full potential. This is our third gender pay gap report and it confirms that we made further progress in creating more opportunities for women at the more senior levels of the company. Nevertheless, there is still more to do. Pearson's overall median gender pay gap is 12% as of the snapshot date of April 5th 2019. This represents a 2% reduction compared to 2018. Pearson's mean gender pay gap is 19%.

We know it will take time to eliminate the gap, but we are heartened at the impact our action plan is having to erase unconscious bias in our systems, processes and policies. We work closely with our leaders and employee resource groups to foster a culture of inclusion at every level. This year, Pearson established a new Employee Experience team, bringing together our centres of excellence in reward, talent, performance management, talent acquisition as well as diversity and inclusion (D&I). This will help us integrate D&I into all that we do.

In this report, we reaffirm our commitment to diversity and inclusion and set out the steps that we are taking to address the gap across our company operations, not just in Great Britain, but globally.

“Making the most of our world of talent”



Anna Vikström Persson
Chief Human Resources Officer

A handwritten signature in black ink that reads "Anna Vikström Persson".

Our Gender Pay Gap

Pearson reports pay gap 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.

A note about the data

Pearson has seven group legal entities across Great Britain which operate a payroll. Together, they employ about 3,700 people. We disclose our pay and bonus gap data for all employees as we believe this consolidated figure is the most meaningful and representative picture of our employee footprint in Great Britain.

Two group companies had 250 or more employees and so were within the scope of the regulations. Together these two entities (Pearson Education Limited, Pearson Professional Assessments Limited) represented 78% of our workforce in Great Britain.



For full gender pay and bonus gap information for each reporting entity and the overall group, see page 12.

Pay Gap	2017		2018		2019	
	Median	Mean	Median	Mean	Median	Mean
Percentage of GB employees included	94%		100%		100%	
Gender Pay Gap	15%	21%	14%	21%	12%	19%
Gender Bonus Gap	18%	52%	12%	49%	21%	48%
	Men	Women	Men	Women	Men	Women
Proportion of men and women receiving a bonus	64%	63%	70%	63%	70%	69%

12%

Median average pay gap for GB employees

21%

Median bonus gap for GB employees

3,700

Number of Pearson GB employees

Why do we have a gender pay gap?

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

Analysis of the data shows that the explanation for the gender pay gap at Pearson in Great Britain is primarily a result of fewer women having 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 eight standard job grades from the entry-level to senior leadership. Within our standard job grades, we have:

- More women than men below Vice President (VP) level
- Fewer women than men at VP level and above

Narrowing the gap

Our gender pay gap shows we need to do more to create opportunities for women to progress to more senior roles. We set out our action plan to narrow the gap on page 5.

Understanding the size of the challenge we face means we can accelerate the pace of change.

What progress has there been in 2019 compared to 2018?

Our headline gender pay gap has fallen 2% over the 12 month reporting period – our second year-on-year reduction. While the progress is positive, we still expect that addressing the gap will take time. During the period, we have seen the following shifts:

- An increase in the proportion of women new hires at Director level and above
- Over half of the 2019 cohort of people on our apprenticeships scheme were women (58%)

2%

Our 2019 median gender pay gap has fallen 2% compared to 2018



Our actions to address the gender pay gap focus on five key areas:

- 1** Professional development, support and mentoring of women;
- 2** Encouraging the empowerment of women and the formation of networks;
- 3** Improving recruitment and pipeline-management to enhance senior female representation;
- 4** Shaping our policies and culture around returning to work and flexible working;
- 5** Ensuring the consistent engagement of executive management and senior leaders.

Development, Support and Mentoring

Professional development, support and mentoring of women

- Our Mentoring for Women in Leadership programme links members of the Pearson Executive to aspiring female talent at the Vice President (VP) level.
- In 2019, we ran Board Mentoring for Women in Leadership, a 10-month programme providing female Senior Vice Presidents (SVPs) with one-to-one learning partnerships with a Pearson Board member.
- We incorporate gender consideration as a factor in global executive development programmes. For example, the main leadership programme covering our GB business had a module dedicated to D&I.
- We introduced the Wave programme to facilitate opportunities for talented colleagues to move between business units and departments, both domestically and internationally by transferring energy and ideas around the business.
- Our Women in Learning & Leadership (WILL) employee resource group continued to participate in various mentoring schemes including the 30% Club and She Leads Change.

“Last year I attended ‘She Leads Change’ – a peer learning programme. Pearson, through WILL UK, our employee resource group focused on gender is a partner of She Leads Change.

The opportunity to work with a professional coach helped build and improve my confidence to speak up and to be mindful about creating an environment in which others are also able to express their authentic selves. This has led to me supporting and leading on diversity discussions and projects across the business.”



Mirna Bilala

*Special Requirement
Liaison Officer, UK Schools*

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Empowerment

Encouraging the empowerment of women and the formation of networks

- Our 10 Employee Resource Groups exist to inspire and influence employees and promote inclusion. WILL helps advance women at Pearson through career management, opportunities to develop and networking.
- We have started a programme to evolve employee resource groups into business resource groups, creating more visible leadership roles.
- In 2019, we grew the number of diversity advocates – a global network of individuals who dedicate time to advance diversity.

Employee Resource Groups

Employee Resource Groups (ERGs) are based around shared characteristics or life experiences. They are voluntary, employee-led groups which work to foster a diverse, inclusive workplace while furthering the company strategy and values. Activities include developing future leaders, employee engagement and expanding our marketplace recognition and reach. We have 10 global employee resource networks at Pearson and those active in Great Britain are in bold:

Generation Pearson Pearson ABLE

Pearson BOLD
Pearson Latino Network
Pearson Parents

Pearson Spectrum (LGBT+)
Pearson Veterans
PRIME (Black Asian & Minority Ethnic)
Women in Learning and Leadership
Women in Technology

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Empowerment

Women In Learning and Leadership

Our Women in Learning & Leadership network helps advance women at Pearson globally through career management, opportunities to develop and networking. WILL is made up of men and women who champion gender balance at Pearson. The UK chapter of WILL is the most active. WILL UK has adopted helping Pearson to narrow the Gender Pay Gap as one of its key priorities in 2019 and continuing into 2020.

To start this work, WILL UK conducted 12 focus groups across different UK sites to listen to what matters to the WILL UK membership and more widely to UK employees generally. The groups helped explore:

Policies and culture – What do UK employees want/need in terms of flexible working? Do people know what is offered? How consistent is the experience and what else might help?

Development, support and mentoring – How can we build on existing programmes to find new ways to deliver development opportunities and ensure all UK employees feel they are being given the opportunities to progress in their careers? This might include opportunities like skills identification or accreditation.

Recruitment and pipeline – What role does reward and benefits play in recruiting new employees? What are the areas that people would like to know more about? How can managers be supported to develop potential?

Empowerment – What support do colleagues need to feel confident to discuss pay and other factors associated with career progression?

“My empowerment journey at Pearson began when I first started attending WILL UK events back in 2016. I was impressed by the number of strong women who were giving up their time on top of their day jobs in order to achieve gender equality in our company. My journey intensified when I was put forward to head up the Policy & Process Change workstream of WILL UK in 2019. The workstream is focused on representing UK employees and using their views and ideas to champion changes on policy that will help achieve better gender balance.

I suddenly found myself with a workstream full of strong, passionate and principled women who had found empowerment by being part of a network of like-minded people. So deep is that feeling that we are working to bring the same sense of empowerment to all genders across Pearson. By being surrounded by people who challenge the status quo, I have found my own voice and have challenged myself to use that voice to advocate for gender balance at Pearson.”



Kirsty Parker

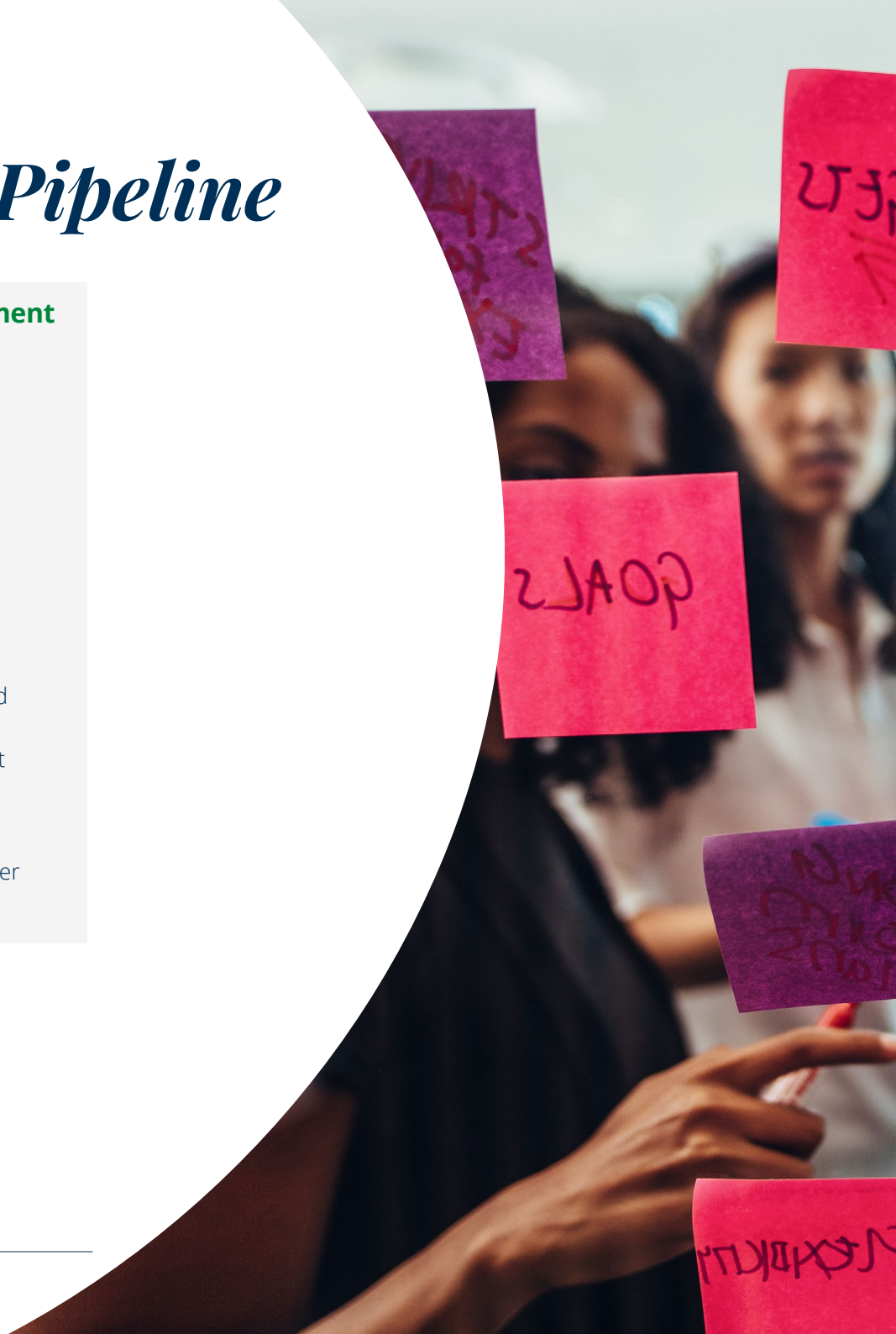
*Product Specialist
Global Product*

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Recruitment and Pipeline

Improving recruitment and pipeline-management to enhance senior female representation

- We require diverse slates when recruiting at VP level roles and above.
- We shared the learning from a pilot using an augmented writing AI app designed to write job descriptions and job adverts in ways that are gender neutral.
- We are continuing with initiatives to position Pearson as an employer of choice for women, diverse talent and to attract next generation employees.
- Our Talent Acquisition team complete Unconscious bias and Fast Thinking training modules. Both modules are available to recruiting managers through our learning & development platform. Every manager in our largest business unit in Great Britain has been assigned unconscious bias training.
- We carried out a recruitment/talent lifecycle review to better incorporate diversity across the process.



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Policies and Culture

Shaping our policies and culture around returning to work and flexible working

- In 2018, we completed a D&I audit of all HR policies and practices covering GB. As a result, we've made changes to our family friendly policies. We've doubled our paternity allowance to four weeks from two.
- We ran myth-busting sessions focusing on areas such as parental leave and flexible working.
- We created a video explaining the Pearson approach to agile and flexible working. Over 30% of the UK workforce takes advantage of flexible working, with many more adopting agile working.
- We hosted a global D&I week to celebrate role models, focus on success, share best practice and raise awareness of diversity and inclusion plans for the year ahead.
- We ran a campaign targeted at men to encourage take-up of leave options and flexible ways of working.

“A major driver of my move to Pearson was to spend more time with my young family and to do that I was keen to explore part-time and flexible arrangements. My Manager has been very receptive to my changing needs over the three years we have worked together. When I joined, I started on a nine-day fortnight. This meant I was able to take every other Friday off to be with my daughter before she started school and drop off and pick up my son from school. This was transformational for me, as I was used to either trekking into London most days or working away on clients' sites all over the country for multiple days a week, for weeks in a row.



Oliver Latham

*UK Higher Education
Sales Director*

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Executive Ownership, Accountability and Engagement

Ensuring the consistent engagement of executive management and senior leaders.

- We invested in a centre of expertise for D&I to support our goals to advance the agenda globally.
- We adopted ‘improving gender representation at the top two levels of the company’ as a formal D&I goal and embedded this into the Human Resources 2023 strategy. Additionally, we adopted a goal to reach and exceed a minimum 33% representation by women at the top of the organisation (Executive Management and Senior Leadership).
- We launched a Global D&I council chaired by the CEO to oversee progress and drive accountability against diversity goals.
- We conducted diversity reviews with the senior leadership teams of each geography and enabling function. These establish priority areas for improvement tailored to each business/entity.



Senior Leaders Supporting National Campaigns– 30% Club

Our CEO has signed up to 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 36% of our senior leadership team globally. Our commitment is to continue to increase that total.



Senior Leaders Supporting National Campaigns – Publishers Association

Pearson has 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 2022. Our President of Pearson UK and Global Online Learning, Rod Bristow, represents Pearson on the PA governing body.

Statutory Declaration

Summary of gender pay gap data

Company name	Number of employees	Mean gender pay gap	Median gender pay gap	Mean gender bonus gap	Median gender bonus gap	Proportion of men receiving a bonus	Proportion of women receiving a bonus
Pearson GB	3739	19%	12%	48%	21%	70%	69%
Pearson Education Limited	1963	13%	10%	35%	6%	93%	93%
Pearson Professional Assessments Limited	953	1%	-2%	57%	1%	18%	10%

"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

Proportion of men and women by pay quartile

	Lowest Quartile		Lower Mid Quartile		Upper Mid Quartile		Upper Quartile	
	Women	Men	Women	Men	Women	Men	Women	Men
Pearson GB	61%	39%	62%	38%	55%	45%	47%	53%
Pearson Education Limited	64%	36%	63%	37%	58%	42%	53%	47%
Pearson Professional Assessments Limited	60%	40%	55%	45%	58%	42%	59%	41%

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



<p>What does the legislation require?</p>	<p>All legal entities with 250 or more employees must disclose:</p> <ul style="list-style-type: none"> - Mean and median gender pay gap - Mean and median bonus gap - Proportion of women and men by quartile pay band - Proportion of men and women receiving a bonus - Pay gap data is based on hourly rates of pay as at 5 April 2019. <p>Bonus data is for the 12 months prior to 5th April 2019.</p>
<p>What is a quartile pay band?</p>	<p>This divides the employee population into pay bands from the top 25% (quarter) and then each subsequent quarter down to the lowest paid.</p>
<p>Is gender binary?</p>	<p>Today, gender doesn't simply refer to male or female and we recognise that a growing number of our people identify in different ways. However, the approach required by the regulations is to compare the pay of men and women. We have followed this approach for the purposes of this report.</p>
<p>Is the gender pay gap the same as equal pay?</p>	<p>No. Gender pay is the difference between the gross hourly earnings for all men and the gross hourly earnings for all women. Equal pay is about men and women being paid equally for equivalent work.</p>
<p>Does Pearson pay men and women equally?</p>	<p>Equal pay is both a legal requirement and a matter of principle for Pearson. We use a career framework model to determine a position grade level and salary. Other factors that may influence pay for individuals at Pearson include performance and experience which are taken into consideration as part of the annual salary review process each year.</p>
<p>What proportion of Pearson employees are based in Great Britain?</p>	<p>Pearson is a global company employing 21,000 in total. Of these, 3,700 or 18% are based in Great Britain. Pearson has made a commitment to disclose gender pay gap data for its global employees.</p>
<p>What is the mean?</p>	<p>The mean is the average. In this case, it's the total of all hourly rates, divided by the number of employees.</p>
<p>What is the median?</p>	<p>The median is the midpoint. It's the middle value of the hourly rates for both women and men when listed in order.</p>
<p>Is the mean or the median a better way to assess how we are doing?</p>	<p>Many companies including Pearson typically use the median to assess how they are doing. Half of the employee population earn more than the median salary while half earn less. The distribution of pay among employees is usually skewed, meaning that the highest paid employees earn significantly more than the lowest paid, so the mean tends to be much higher than the median.</p>