each of the respective payment dates for interim and final dividends. The final dividend for the 2020 fiscal year will be paid on May 7, 2021 (subject to shareholder approval).

Fiscal year	Interim	Final	Total	Interim	Final	Total
	(Pence per ordinary share)			(Cents per ordinary share)		
2020	6.0	13.5	19.5	7.7	18.5*	26.2
2019	6.0	13.5	19.5	8.0	16.7	24.7
2018	5.5	13.0	18.5	7.2	16.9	24.1
2017	5.0	12.0	17.0	6.8	16.2	23.0
2016	18.0	34.0	52.0	23.6	43.8	67.4

* As the 2020 final dividend had not been paid by the filing date, the dividend has been translated into cents using the noon buying rate for sterling as at December 31, 2020.

Future dividends will be dependent on the Group's future earnings, financial condition and cash flow, as well as other factors affecting the Group. The dividend was rebased in 2017 to reflect portfolio changes, increased product investment, and the outlook for 2017.

Risk Factors

You should carefully consider the risk factors described below, as well as the other information included in the rest of this document. The Group's business, financial condition or results from operations could be materially adversely affected by any or all of these risks, or by other risks that it presently cannot identify.

Our business, results of operations and financial condition have been and could further be adversely affected by the effects of the global COVID-19 pandemic.

In March 2020 a global pandemic was declared by the World Health Organization (WHO). Since then, COVID-19 has spread globally, to include the United Kingdom, United States and other countries where we operate. The spread of COVID-19 resulted in the worldwide spread of a new and at the time, untreatable disease. Many countries around the world subsequently imposed quarantines and restrictions on travel and large gatherings to slow the spread of the virus, that included the closures of non-essential businesses. We activated our crisis plan and in line with scientific advice and government requirements, the majority of staff continues to work from their homes, whilst we also closely monitor developments on a day-by-day basis, adjusting and protecting our front-line operations. Our primary focus is on ensuring the safety and well-being of our employees, customers and learners. We continue to manage the incident via our incident management framework across eight regional teams, commanded by a central team in London. In addition, we invoked our business resilience plans to help support our customers and maintain our business operations.

As local jurisdictions put restrictions in place, our ability to continue to operate our business was and remains in part disrupted for an indefinite period of time. As the COVID-19 outbreak continued to spread, we maintained operations globally, in line with local shutdowns as mandated by respective governmental authorities.

In addition, the spread of COVID-19, which has caused a broad impact globally, materially affected us economically. While the potential economic impact brought by, and the duration of, COVID-19 may be difficult to assess or predict, the pandemic could result in significant disruption of global financial markets, reducing our ability to access capital, which could in the future negatively affect our liquidity. In addition, a recession or market correction resulting from the spread of COVID-19 could materially affect our business and the value of our ordinary shares.

The COVID-19 pandemic has impacted our colleagues, customers and business in terms of revenue and profits. In 2020 we saw a significant trading impact as a result of COVID-19. The challenging nature of COVID-19 has impacted all our businesses but has been felt most acutely across our International and Global Assessment businesses due to test center and school closures, exam cancelations, reduced global mobility and international economic pressure on spending. The ongoing uncertainty in 2021 gives rise to potential commercial risks that are actively being monitored by our business and finance teams. The impact from tougher lockdowns, increased infection rates and further operating constraints could restrict access to test centers and affect parts of our International and other businesses. The global outbreak of COVID-19 continues to trend and evolve. The extent to which COVID-19 may continue to impact our business and operations will depend on future developments, including the success of current vaccination programs, the continued duration of the outbreak, travel restrictions and social distancing in the United Kingdom, the United States and other countries where we operate. We are also reliant on the effectiveness of actions taken by governmental authorities to contain and treat the disease and whether additional countries where we operate are required to move to additional and deeper lock-down status. There is a risk that certain countries or regions where we operate may experience difficulties in containing COVID-19, or it may be more difficult to contain if the outbreak reaches a larger population or broader geography, in which case the risks described herein could be elevated significantly. The ultimate long-term impact of COVID-19 is highly uncertain and cannot be predicted with confidence. COVID-19 is expected to remain a primary global health and safety concern throughout 2021 and beyond.

The accelerated pace and scope of our business transformation initiatives increase our risk to execution timelines and to business adoption of change. The risk is that benefits may not be fully realized, costs may increase, or that the Group’s business as usual activities are adversely impacted.

Business transformation and change initiatives in support of the Group’s strategic goals to accelerate its digital transition and to simplify its business continued throughout 2019 and 2020. A range of transformation initiatives were successfully completed during 2020. In 2021, the Group announced a new strategy which has the potential for increased risk as the organisational structure and financial reporting processes are realigned in order to pursue the new strategy. The pace and scope of change potentially increases the risk that not all these changes will deliver within anticipated timeframes, and that the costs of these changes may increase. In addition, as a result of the increased pressure of transformational change, business as usual activities may not perform in line with plans, or the level of customer service may not meet expectations. In parallel with the business transformation, as the Group responds to the transition to digital and virtual learning, it will continue to look at opportunities to develop business models and further refine organization structures. Resistance to change could restrict the organization from making the necessary changes to the business model.

Failure to prevent or detect a malicious attack on the Group’s systems has in the past and could in future result in a breach of confidentiality, integrity and/or availability of sensitive information.

Information security and cyber risk is continually evolving and comprises many complex external drivers: increasing customer demand to demonstrate a strong security posture, external compliance requirements, ongoing digital revolution, increasing use of the cloud and increasingly sophisticated attack strategies. Across its businesses, the Group holds large volumes of personally identifiable information including that of employees, customers, students and citizens, and other highly sensitive business critical data such as financial data, internal sensitive information, and intellectual property. Despite its implementation of security measures, threat actors of all types, including individuals, criminal organizations and state sponsored operatives, have from time to time gained access and may in the future gain access to the Group’s data through unauthorized means in order to misappropriate such information for fraudulent or other purposes. A significant breach can result in a devastating impact on the Group’s reputation, customer loyalty, and student experience. Inability to prove due diligence can result in severe penalties and a loss of business (existing and future).

From time to time, the Group’s business has experienced, and may continue to experience in the future, an unauthorized disclosure of personal information despite best efforts to prevent it. Such an incident, together with a failure to comply with data privacy regulations, could result in damage to the customer experience and the Group’s reputation and in financial loss.

Across its businesses, the Group holds large volumes of personally identifiable information (PII), including that of employees, customers, students and citizens. Any perceived or actual unauthorized disclosure of PII, whether through breach of the Group's network by an unauthorized party, employee theft, misuse or error or otherwise, could harm the Group's reputation, impair its ability to attract and retain its customers, or subject the Group to regulatory investigations and/or to claims or litigation arising from damages suffered by individuals, and thereby harm its business and operational results. Failure to adequately protect PII could potentially lead to regulatory penalties, litigation damages, significant remediation costs, reputational damage, cancelation of some existing contracts and difficulty in competing for future business, among other things. In addition, the Group could incur significant costs in complying with the relevant laws and regulations regarding the unauthorized disclosure of personal information, payments due to cyber extortion or to responding to regulatory investigations into such matters. Changes to data privacy legislation must also be monitored and acted upon to ensure the Group remains in compliance across different markets.

Failure to use the Group's data effectively to enhance the quality and scope of current products and services in order to improve learning outcomes could adversely affect the Group's business.

The Group seeks to maximize data to enhance the quality and scope of current products and services in order to improve learning outcomes while managing associated risks. The Group's ability to continue to do so may be subject to factors beyond the Group's control. In addition, the unavailability of timely, complete and accurate data limits informed decision-making and increases the risk of non-compliance with legal, regulatory and reporting requirements. Business change and transformation success is dependent on migration of a significant number of datasets and our inability to effectively accomplish this could adversely affect the Group's results.

If the Group fails to attract, retain and develop appropriately skilled employees, it may limit its ability to achieve its strategic and operational goals and its business may be harmed.

The Group's success depends on the skill, experience and engagement of its employees. If it is unable to attract, retain and develop sufficiently experienced and capable staff, especially in technology, product development, sales and leadership, its business and financial results may suffer. When talented employees leave, the Group may have difficulty replacing those skills, and its business may suffer. There can be no assurance that the Group will be able to successfully attract and retain the skills that it needs.

The Group's business depends on a strong brand, and any failure to maintain, protect and enhance its brand would hurt its ability to retain or expand its business.

Protecting the Pearson brand is critical to expanding the Group's business and will depend largely on its ability to maintain its customers' trust in its solutions and in the quality and integrity of its products and services. If the Group does not successfully maintain a strong brand, its business could be harmed. Beyond protection, strengthening the Pearson brand will enable the Group to more effectively engage with governments, administrators, teachers, learners and influencers.

Failure to successfully invest in and deliver the right products and services and respond to competitive threats could result in lower-than-expected sales and profits.

A common trend facing all the Group's businesses is the digitization of content and proliferation of distribution channels, either over the internet, or via other electronic means, replacing traditional print formats. The digital migration brings the need for change in product and content distribution, consumers' perception of value and the publisher's position between consumers, retailers and authors.

This is a highly competitive market that is subject to rapid change. The Group faces competitive threats both from large media players and from smaller businesses, online and mobile portals and operators in the digital arena that provide alternative sources of content. Alternative distribution channels, e.g. digital format, the internet, online retailers, growing delivery platforms (e.g., e-readers or tablets), pose both threats and opportunities to traditional publishing business models, potentially impacting both sales volumes and pricing.

Students are seeking cheaper sources of content, e.g. second hand and rental copies, online discounters, file sharing and use of pirated copies. This change in behavior puts downward pressure on textbook prices in major markets, and this could adversely impact the Group’s results.

If the Group does not adapt rapidly to these changes, it may lose business to ‘faster’ and more ‘agile’ competitors, who increasingly are non-traditional competitors, making their identification all the more difficult. The Group may be required to invest significant resources to further adapt to the changing competitive environment.

There are multiple competing demands for educational funds and there is no guarantee that new courseware or testing or training programs will be funded, or that the Group will win or retain this business.

A control breakdown or service failure in the Group’s school assessment and qualification businesses could result in financial loss and reputational damage.

The Group’s professional services and assessment businesses involve complex contractual relationships with both government agencies and commercial customers for the provision of various testing services. The Group’s financial results, growth prospects and/or reputation may be adversely affected if these contracts and relationships are poorly managed or face increased competitive pressures.

There are inherent risks associated with the Group’s assessment and qualification businesses, both in the US and the UK. A service failure caused by a breakdown in testing and assessment processes could lead to a mis-grading of student tests and/or late delivery of test results to students and their schools. In either event the Group may be subject to legal claims, penalty charges under contracts, non-renewal of contracts and/or the suspension or withdrawal of its accreditation to conduct tests. A late delivery of qualification results could result in a potentially significant regulatory fine in addition to the contractual penalties. It is also possible that such events would result in adverse publicity, which may affect the Group’s ability to retain existing contracts and/or obtain new customers.

The Group’s investment in inherently riskier emerging markets may deliver returns that are lower than anticipated.

The Group has invested in a number of emerging markets, some of which are inherently riskier than its traditional markets. Political, regulatory, economic and legal systems in emerging markets may be less predictable than in countries with more developed institutional structures. Political, regulatory, economic, currency, reputational and corporate governance and compliance risks (including fraud, sanctions, bribery and corruption) as well as unmanaged expansion are all factors which could limit returns on investments made in these markets.

Changes in government policy and/or regulations have the potential to affect the Group’s business model and/ or decisions across all markets.

The Group’s educational services and assessment businesses may be adversely affected by changes in government funding resulting from either trends that are beyond the Group’s direct control, such as general economic conditions, changes in government educational funding, programs, policy decisions, legislation and/or changes in the procurement process, or the Group’s failure to successfully deliver previous contracts.

The results and growth of the Group’s US educational services and assessment businesses are dependent on the level of federal and state educational funding, which in turn is dependent on the robustness of state finances and the level of funding allocated to educational programs. State, local and municipal education funding pressures remain, competition from low price and disruptive new business models continues and open source is promoted as a way to keep costs down for customers. The current challenging environment could impact the Group’s ability to collect education-related debt.

State and local government leadership changes and resultant shifts in education policy can also affect the funding available for educational expenditure, which include the impact of educational reform. Similarly, changes in the government procurement process for textbooks, learning material and student tests, and vocational training programs can also affect the Group’s markets. Political pressure on testing, changes in curricula, delays in the timing of the adoptions and changes in the student testing process can all affect these programs and therefore the size of the market in any given year. Uncertainty remains over the longer term impact of international trading arrangements and general economic conditions in the UK as a result of Brexit, and globally as a result of the COVID-19 pandemic, among other examples of wider uncertainty and instability in the rest of the world, any of, which can affect governments education policy and decisions.

Global economy and cyclical market factors may adversely impact the Group’s financial performance.

With the continued pressure and uncertainty in the worldwide economies, particularly in light of the continuing COVID-19 pandemic, there remains a risk of a weakening in trading conditions, which could adversely impact future financial performance. The effect of continued deterioration or lack of recovery in the global economy will vary across different businesses and will depend on the depth, length and severity of any economic downturn. The education market can be affected by cyclical factors which, although they can have a positive impact for many of the Group’s businesses, could for others lead to a reduction in demand for the Group’s products and services.

A significant deterioration in the Group’s profitability and/or cash flows caused by prolonged economic instability could reduce its liquidity and/or impair its financial ratios and trigger a need to raise additional funds from the capital markets and/or renegotiate its banking covenants.

To the extent that worldwide economic conditions materially deteriorate, as a result of the COVID-19 pandemic or otherwise the Group’s sales, profitability and cash flows could be significantly reduced as customers could be unable to purchase products and services in the expected quantities and/or pay for them within normal agreed terms.

Disruption in capital markets or potential concerns about the Group’s credit rating, for instance manifested in downgrades or negative outlooks by the credit rating agencies, may mean that this capital may not be available on favorable terms or may not be available at all.

All the Group’s businesses depend on Information Technology (IT) systems and technological change. Failure to maintain and support customer facing services, systems, and platforms, including addressing quality issues and execution on time of new products and enhancements, could negatively impact the Group’s sales and reputation.

All the Group’s businesses, to a greater or lesser extent, are dependent on information technology. It either provides software and/or internet services to its customers or uses complex IT systems and products to support its business activities, including customer-facing systems, back-office processing and infrastructure. The Group faces several technological risks associated with software product development and service delivery, information technology security (including viruses and cyber-attacks), e-commerce, enterprise resource planning system implementation and upgrades. Although plans and procedures are in place to reduce such risks, from time to time the Group has experienced verifiable attacks on its systems by unauthorized parties. To date, such attacks have not resulted in any material damage, but the Group’s businesses could be adversely affected if its systems and infrastructure experience a significant failure or interruption.

Operational disruption to its business, including those caused by third party providers, a major disaster and/or external threats, could restrict the Group’s ability to supply products and services to its customers.

Across all its businesses, the Group manages complex operational and logistical arrangements including distribution centers, data centers, and educational and office facilities, as well as relationships with third party print sites. It has also outsourced some support functions, including information technology, warehousing and logistics to third party providers. The failure of third parties to whom it has outsourced business functions could adversely affect its reputation or financial condition. Failure to recover from a major disaster, (e.g. fire, flood, etc.) at a key facility or the disruption of supply from a key third party vendor or partner (e.g. due to bankruptcy) could restrict the Group’s ability to service its customers and meet the terms of its contractual relationships with both government agencies and commercial customers. Penalty clauses and/or the failure to retain these contracts at the end of the contract term could adversely impact future revenues.

Environmental, social and governance risks may also adversely impact the Group’s business.

The Group considers environmental, social and governance (ESG) risks no differently to the way it manages any other business risk. These include ethical business behavior, compliance with UN Global Compact standards, environmental impact, people and editorial standards. A failure to comply with such standards could adversely affect the Group’s reputation and have a negative impact on its relations with employees, vendors and customers.

Failure to adequately protect the health, safety and well-being of the Group’s employees, learners and other stakeholders could adversely impact the Group’s reputation, profitability and future growth.

Although the Group has invested in global health and safety procedures and controls to safeguard the health, safety and wellbeing of its employees and other stakeholders, accidents or incidents could still occur due to unforeseen risks, causing injury or harm to individuals and impacting the Group’s business operations. The effects of the COVID-19 pandemic may exacerbate the risk. This has the potential to lead to criminal and civil litigation, business disruption leading to operational loss, reduction in profitability and impact on the Group’s reputation.

Failure to adequately protect learners could result in significant harm to one or more learners.

Incidents may occur where learners are abused or harassed. For example, where the Group has direct learner contact via online learning, or in its direct delivery businesses where it is operating, either directly or in a third-party partnership. These incidents can cause harm to learners, which is something the Group takes extremely seriously, and could also have a negative financial, legal and reputational impact to the business.

Failure to ensure security for the Group’s staff, learners, assets and reputation, due to increasing numbers of and variety of local and global threats.

Pearson is a global business with locations in diverse, sometimes high-risk, locations worldwide. Although it has protective measures in place to secure its staff, learners and assets, the Group could still be impacted by external threats, such as localized incidents, terrorist attacks, strikes or extreme weather. Future occurrences could cause harm to individuals and/or disrupt business operations. These have the potential to lead to operational loss, a reduction in profitability and impact on the Group’s global reputation.

The Group generates a substantial proportion of its revenue in foreign currencies, particularly the US dollar, and foreign exchange rate fluctuations could adversely affect the Group’s earnings and the strength of its balance sheet.

As with any international business, the Group’s earnings can be materially affected by exchange rate movements. The main exposure is to movements in the US dollar to sterling exchange rate as approximately 69% of the Group’s total revenue is generated in US dollars. The Group also has exposure to a range of other international currencies including emerging market currencies. Operating profit for 2020, translated at 2019 average rates, would have been £1m lower.

A lack of sufficient capital resources could adversely impact the Group’s ability to operate.

If the global economy weakens further and/or the global financial markets collapse, as a result of the COVID-19 pandemic or otherwise, the Group may not have access to or could lose its bank deposits or suffer a significant increase in customer bad debts. Lack of sufficient capital resources could significantly limit the Group’s ability to take advantage of business and strategic opportunities. If replacement funds are not available, the Group may be required to delay, reduce the scope of, or eliminate material parts of its business strategy, including potential additional acquisitions or development of new products, services and technologies.

Changes in tax law or perceptions on tax planning strategies may lead to a higher effective tax rate or negative reputational impact.

Changes in corporate tax rates and/or other relevant tax laws in the UK, US or other jurisdictions could have a material impact on the Group’s future reported tax rate and/or its future tax payments. The application of tax legislation can be complex and tax authorities may take a different view to management. The Group has been subject to audit by tax authorities. In particular, the Group is under assessment from the tax authorities in Brazil challenging the deduction for tax purposes of goodwill amortisation for the years 2012 to 2017 (similar assessments may be raised for other years). In addition, the Group has lodged an appeal against the European Commission’s decision that the United Kingdom controlled foreign company group financing partial exemption (FCPE) partially constitutes State Aid. Although the Group believes its tax provision is reasonable, the final determination of its tax liability could be materially different from its historical income tax provisions, which could have a material effect on the Group’s financial position, results of operations or cash flows.

The Group’s tax strategy reflects its business strategy and the locations and financing needs of its operations. In common with many companies, the Group seeks to manage its tax affairs to protect value for its shareholders, in line with its broader fiduciary duties. The Group is committed to complying with all statutory obligations, to undertake full disclosure to tax authorities and to follow agreed policies and procedures with regard to tax planning and strategy.

Failure to effectively manage risks associated with compliance to global and local anti-bribery and corruption (ABC) legislation could result in costly legal investigations and/or adversely impact the Group’s reputation.

Although the Group is committed to conducting business in a legal and ethical manner in compliance with local and international statutory requirements and standards applicable to its business, there is a risk that the Group’s management, employees or representatives may take actions that violate applicable laws and regulations prohibiting the making of improper payments for the purposes of obtaining or keeping business, including laws such as the US Foreign Corrupt Practices Act or the UK Bribery Act. Responding to investigations is costly and requires a significant amount of management’s time and attention. In addition, investigations may adversely impact the Group’s reputation, or lead to litigation and financial impacts.

Failure to comply with antitrust and competition legislation and/or legal or regulatory proceedings could result in substantial financial cost and/or adversely impact the Group’s reputation.

The Group is subject to global and local antitrust and competition law and although it is committed to conducting business in compliance with local and international laws, there is a risk that management, employees or representatives may act in a way that violates applicable antitrust or competition laws. Further, the Group and its subsidiaries are and may be in the future subject to legal and regulatory proceedings in the countries in which the Group operates. These proceedings could result in greater scrutiny of the Group’s operations in other countries for anti-competitive behavior and, in the worst case, incur a substantial financial cost. This would also have an adverse impact on the Group’s reputation.

If the Group does not adequately protect its intellectual property and proprietary rights, its competitive position and results may be adversely affected and its ability to grow restricted.

The Group’s products and services largely comprise intellectual property delivered through a variety of print and digital media, online software applications and platforms. The Group relies on trademark, patent, copyright and other intellectual property laws to establish and protect its proprietary rights in these products and services.

Failure to adequately manage, procure, register or protect intellectual property rights (including trademarks, patents, trade secrets and copyright) in the Group's brands, content and technology, may (1) prevent the Group from enforcing its rights, and (2) enable bad actors to illegally access and duplicate the Group's content (print and digital counterfeit, digital piracy), which will reduce sales and/or erode sales.

The Group's intellectual property rights (IPR) in brands and content — historically its core assets — are generally well established in key markets. As technology has become an increasingly critical component of the Group's business strategy, it has also been steadily increasing investment in its patent program to expand its protection of high value inventions in the US and key international markets.

Online copying and security circumvention have become increasingly sophisticated and resistant to available countermeasures. Notably, in recent years "digital counterfeit" web sites have sold or attempted to sell unprotected PDF files of many of Pearson's titles, at scale, using modern and sophisticated ecommerce methods, with a professional and polished look and feel. From an IP perspective, increasing the Group's digital business exposes it to more trademark, copyright and patent infringement risks.

The Group's forward-looking IP strategy includes maintaining a global patent footprint in key markets outside the US. However, the Group also conducts business in other countries where its protection efforts have been limited or inconsistent and the extent of effective legal protection for intellectual property rights is uncertain, and this uncertainty could affect future growth. Where the Group has registered or otherwise established its IPR, it cannot guarantee that such rights will provide competitive advantages due to: the challenges and costs of monitoring and enforcement in jurisdictions where competition may be intense; the limited and/or ineffective IPR protection and enforcement mechanisms available to it in many countries; the potential that its IPR may lapse, be invalidated, circumvented, challenged, or abandoned, or that it may otherwise lose the ability to assert its intellectual property rights against others. The loss or diminution in value of these proprietary rights or the Group's intellectual property could have a material adverse effect on the Group's business and financial performance.

Failure to generate anticipated sales growth, synergies and/or cost savings from acquisitions, mergers and other business combinations, could lead to goodwill and intangible asset impairments.

The Group periodically acquires and disposes of businesses to achieve its strategic objectives and will continue to consider both as means to pursue its strategic priorities.

Acquisitions may involve significant risks and uncertainties, including difficulties in integrating acquired businesses in order to realize anticipated sales growth, synergies and/or cost savings; diversion of management attention from other business concerns or resources; use of resources that are needed in other parts of our business. Acquisitions could lead to goodwill and intangible asset impairments. In addition, divestitures involve risks and uncertainties that could adversely affect our business, results of operations and financial condition. These include, among others, the inability to find potential buyers on favorable terms, disruption to our business and/or diversion of management attention from other business concerns, loss of key employees and possible retention of certain liabilities related to the divested business.

The Group's reported earnings and cash flows may be adversely affected by changes in its pension costs and funding requirements.

The Group operates a number of pension plans throughout the world, the principal ones being in the UK and the US. The major plans are self-administered with the plans' assets held independently of the Group. Regular valuations, conducted by independent qualified actuaries, are used to determine pension costs and funding requirements. As these assets' valuations can fluctuate, the plans may require additional funding from the Group, which could have an adverse impact on its results.