



LSEG

LSEG Climate Transition Plan



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We are pleased to publish our first Climate Transition Plan. Its aim is to outline our role in the transition to a net zero economy and how we plan to execute on our commitments.

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Further details on our sustainability approach can be found at lseg.com

Our Group

Who we are

LSEG is a leading global financial markets infrastructure and data provider. We play a vital social and economic role in the world's financial system. With our trusted expertise and global scale, we enable the sustainable growth and stability of our customers and their communities.

We are leaders in data and analytics, capital formation and trade execution, and clearing and risk management.

Our purpose

Driving financial stability, empowering economies and enabling customers to create sustainable growth.

Our vision

We are a leading global financial markets infrastructure and data provider. We want to shape the future of our industry to serve our customers and markets better.

Where we operate

LSEG is headquartered in the United Kingdom, with operations in 70 countries across EMEA, North America, Latin America and Asia Pacific. We employ 23,000 people globally, more than half of whom are located in Asia Pacific.





LSEG's sustainability strategy

In 2021 LSEG acquired Refinitiv, a leading global financial markets data business. Following this acquisition, we refreshed our sustainability strategy to reflect the shape, scale and business strategy of the new enlarged organisation and rapidly evolving stakeholder expectations along with the urgent need for market transformation to deliver sustainable growth.

To inform our sustainability strategy we conducted a materiality assessment to identify the sustainability issues, risks and opportunities most relevant to our business and our stakeholders. We also aligned our approach with the UN Sustainable Development Goals.

As a result, we have shaped our sustainability strategy around three outcome-focused priorities which represent the areas where we can have the greatest impact, including our role in the transition to net zero.





Our sustainability priorities

Accelerate the just transition to net zero

Decarbonising the whole global economy is critical to minimise the worst consequences of climate change.

We are leveraging LSEG's unique market position, capabilities, products and services to support a global reallocation of capital which shares the costs and benefits of reaching net zero fairly between and within countries.

Enable growth of the green economy

To deliver sustainable economic growth, more economic activity must focus on creating, scaling and delivering solutions to the world's environmental and social challenges.

LSEG has a pivotal role in helping those solutions thrive by enabling more capital to flow towards sustainable economic activity.

Create inclusive economic opportunity

Inclusive economies enable more people to participate in, and benefit from, economic growth, regardless of their gender, ethnicity, social background, political or religious beliefs. These economies also uphold high standards of governance, address inequality and respect human rights.

We aim to empower economies, communities and individuals by championing inclusion and opening up economic opportunity.

Transition to net zero

LSEG is committed to achieving net zero by 2040. Our unique role at the centre of financial markets is underpinned by our purpose of driving financial stability, empowering economies and enabling customers to create sustainable growth.

Our purpose is inextricably linked with climate change. We believe that decarbonising the whole global economy is critical to minimise the worst consequences of climate change and reflects our central role in enabling the market transformation required to achieve a net zero economy.

The evolution of Climate Transition Plans

As more businesses accelerate their commitments to reduce and remove their emissions across their value chain, we believe that the publication of Climate Transition Plans will play an increasingly important role.

Climate Transition Plans explain how commitments translate into action, enabling more informed investment decision-making, deeper engagement between companies and investors and market-wide collaboration.

At present there is limited consensus around what constitutes best practice with respect to preparing a Climate Transition Plan. This is LSEG's first such Plan where we explain our commitments and approach, covering both our near-term targets and how we will identify actions required beyond 2030.

We support the evolution and adoption of best practice guidance for Climate Transition Plans and will review and refine our Plan over time.

At COP26, the UK Government announced that it will make the UK the first net zero-aligned financial centre. As both the operator of the UK's primary stock exchange and as a UK-listed business, LSEG intends to play a pivotal role in shaping and promoting the adoption of best practice Climate Transition Plans to deliver this.

Defining net zero

Net zero means that any greenhouse gas emissions produced and emitted into the atmosphere are removed equally.

LSEG has adopted the [Science Based Target Initiative \(SBTi\) Net Zero Standard](#) released in October 2021, which defines net zero and is the first global science-based standard for companies to set validated near-term and long-term science-based targets consistent with limiting temperature rise to 1.5°C, driving forward the global transition to net zero.

The SBTi Net Zero Standard states:

To contribute to societal net zero goals, companies must deeply reduce emissions and counterbalance the impact of any emissions that remain.

The SBTi Net Zero Standard defines corporate net zero as:

- Reducing scope 1, 2 and 3 emissions to zero or to a residual level that is consistent with reaching net zero emissions at the global or sector level in eligible 1.5°C-aligned pathways.
- Neutralising any residual emissions in the net zero target year and any greenhouse gas emissions released into the atmosphere thereafter.

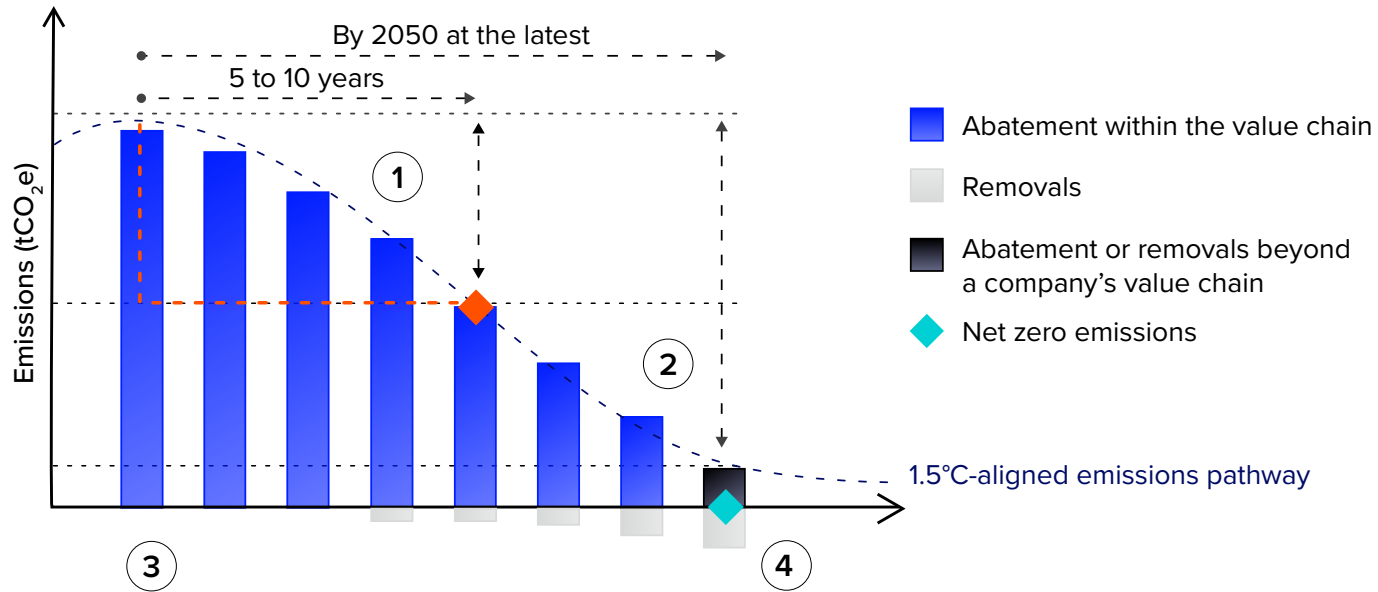
The Net Zero Standard sets out four key elements that make up a corporate net zero target. The first of these is a near-term science-based target, the second is a long-term science-based target, and the third is mitigation beyond the value chain. The final element is neutralisation of any residual emissions.

The Net Zero Standard states that in the long term, emissions in the cross-sector pathway¹ are reduced by at least 90% and most sector-specific pathways also reduce CO₂ emissions by 90% or more from 2020 levels.

Consequently, for many companies, long-term science-based targets will be equivalent to at least a 90% absolute reduction across scopes regardless of whether the cross-sector pathway or sector-specific pathways are used.

¹The SBTi offers a cross-sector pathway and sector-specific pathways for setting science-based targets. Companies in the power generation sector and forestry, land-use, and agriculture (FLAG) sectors are required to set SBTs using sector-specific pathways (effective for FLAG sectors after the finalization of SBTi and GHG Protocol guidance). For all other companies, the cross-sector pathway is eligible and recommended for setting absolute targets

Figure 1: **Net Zero Standard**



- ① **To set near-term SBTs:** 5-10 year emission reduction targets in line with 1.5°C pathways.
- ② **To set long-term SBTs:** target to reduce emissions to a residual level in line with 1.5°C scenarios by no later than 2050.
- ③ **Beyond value chain mitigation:** in the transition to net zero, companies should take action to mitigate emissions beyond their value chains. For example, purchasing high-quality, jurisdictional REDD+ credits or investing in direct air capture (DAC) and geologic storage.
- ④ **Neutralisation of residual emissions:** GHGs released into the atmosphere when the company has achieved their long-term SBT must be counterbalanced through the permanent removal and storage of carbon from the atmosphere.



2021 activity

LSEG completed its acquisition of Refinitiv in January 2021; prior to this both companies had adopted near-term science-based emissions targets validated by the SBTi.

During 2021 we created a combined emissions data inventory, integrating data from both businesses, aligning methodologies and creating a 2019 baseline from which our future targets would be set.

Throughout 2021, as well as establishing a revised data inventory, we set a new science-based target for the combined Group, which was approved by the SBTi in December 2021.

We also updated our policies, governance and created new ways of working, setting emissions-reduction glidepath plans to help us achieve our ambition for the enlarged Group.

We also play a pivotal role in financial markets, enabling an economy-wide transition to net zero.

We are using our unique market position, capabilities, products and services to support a global reallocation of capital which shares the costs and benefits of reaching net zero fairly between and within countries.

Further details on our 2021 progress can be found in our [Sustainability Report and Taskforce on Climate-related Financial Disclosures \(TCFD\) Report](#).



Our emissions

Our greenhouse gas emissions arise from the buildings we occupy and use, business travel, and through the products and services we buy from our supply chain. In total, our 2021 emissions were 571,885 Tons of CO₂e.

The vast majority of our emissions arise from the products and services we buy.

Emissions are categorised into three scopes:

Scope 1

Direct emissions: combustion of fuel and operation of facilities – includes natural gas, diesel, fugitive emissions and fleet vehicles

Scope 2

Indirect emissions: purchase of electricity and heat

Scope 3

Indirect emissions: emissions from purchased goods and services, fuel- and energy-related emissions, business travel, waste, water, employee commuting (including home working) and upstream leased assets

2021 emissions

Category	Absolute emissions (tCO ₂ e)	Emissions per FTE (tCO ₂ e/FTE)
Scope 1	1,000	0.04
Scope 2 (market-based)	3,138	0.13
Scope 3 - purchased goods and services	550,861	22.86
Scope 3 - other including business travel	16,885	0.70
Total Group carbon footprint (tCO₂e)	571,885	23.74

*This table shows all emissions and a total using the 2021 headcount.

Our emissions

We continued to reduce our total Group carbon footprint in 2021, down almost 13% from our 2019 baseline, and over 10% down from 2020. We saw reductions across Scopes 1, 2 and 3 with the greatest percentage reductions in Scope 2 market-based emissions, down 69% from the 2019 baseline.

This is largely due to all electricity in 2021 either being sourced from a green tariff or covered by an energy attribute certificate.

Scope 1 emissions reduced by 54% from our 2019 baseline, largely due to a reduction of our office footprint and office use.

Overall Scope 3 emissions reduced, due largely to lower levels of business travel due to the ongoing global pandemic; emissions from business travel in 2021 were down 93% from 2019, and 66% from 2020 levels.

As travel restrictions begin to ease, we anticipate business travel, and associated emissions, to increase from the levels seen in 2021.

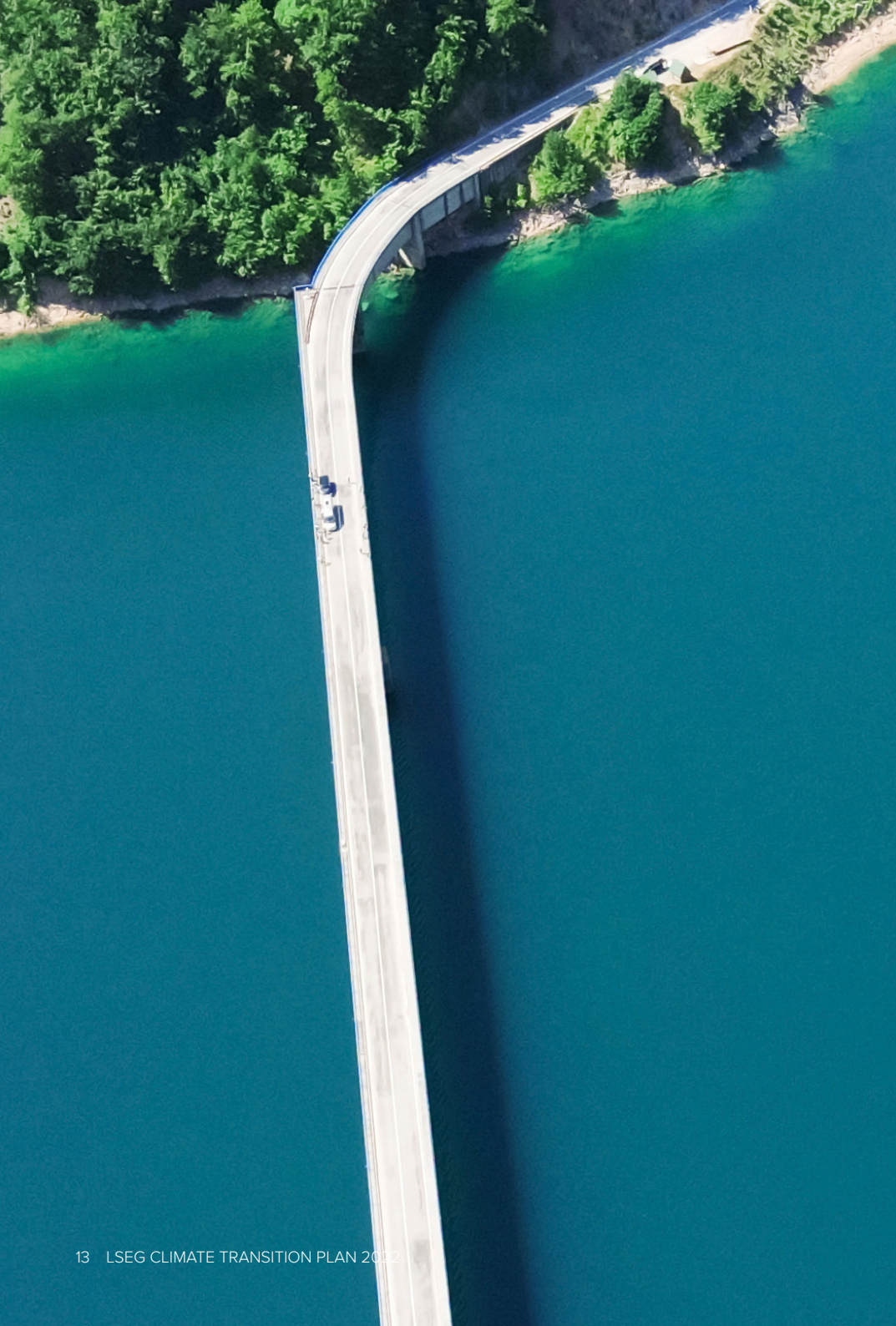
As office occupancy levels remained low during 2021 we saw reduced Scope 3 emissions from waste disposal. This is expected to increase as more employees return to the office. We aim to manage these expected increases in order to stay on track with our 2030 target commitment.

While we saw lower emissions from reduced business travel and office occupancy in 2021, we experienced a significant increase in emissions from homeworking from 2019 levels. However, 2021 emissions for homeworking are lower than 2020 levels which is largely due to improvements in office attendance data which tracked actual daily attendance for each office.

Our approach enabled us to calculate more accurate emissions data for homeworking and commuting and reduced our reliance on estimated office occupancy figures. In previous years, a conservative estimate was made for both commuting and homeworking.

The vast majority (96%) of our greenhouse gas emissions arise from Scope 3 purchased goods and services, demonstrating how critical engagement with our suppliers is to the overall reduction of our emissions.

As a result, we have set a target which aims to ensure that suppliers responsible for 67% of our Scope 3 emissions (purchased goods and services) set science-based targets by 2026. As part of our engagement with suppliers to achieve our target, we will collect greenhouse gas emissions data from our key suppliers to more accurately calculate our emissions associated with the goods and services we buy. This will allow us to set targets in the near future to reduce this portion of our emissions in alignment with our net zero commitment.



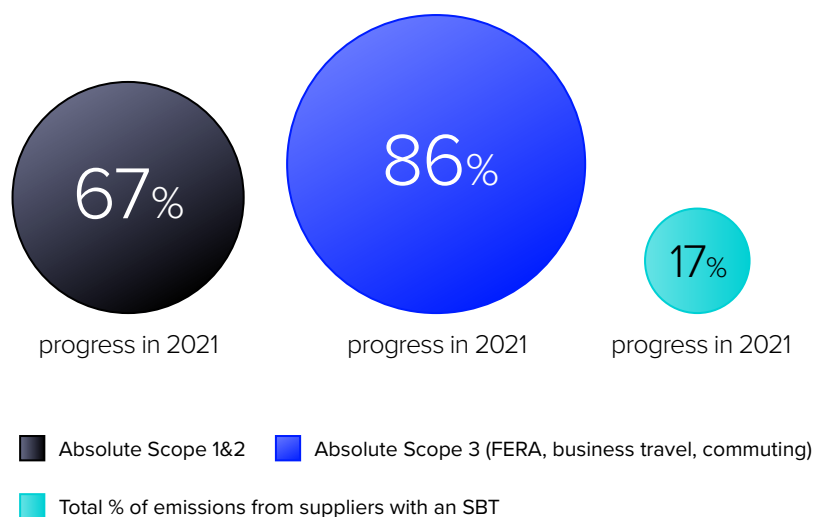
Methodology and verification statement

We report all of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. These sources fall within our consolidated statement.

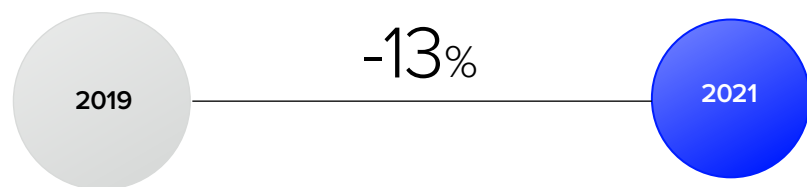
We do not have responsibility for any emission sources that are not included in our consolidated statement.

Our emissions are calculated according to an operational control boundary using GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and UK Government Environmental Reporting Guidelines: including streamlined energy and carbon reporting guidance (March 2019). London Stock Exchange Group's Scope 1, 2 and 3 emissions disclosed in this report have been externally verified by Cameron-Cole against the requirements of the WRI/WBCSD GHG Protocol, GHG Protocol Corporate Accounting and Reporting Standard (revised edition), GHG Protocol Scope 2 Guidance: An amendment to the GHG Protocol Corporate Standard, and the GHG Protocol Corporate Value Chain (Scope3) Standard. Conduct of the verification met the requirements of ISO 14064-3:2006(E).

Progress against science-based targets (SBTs)



Total Group carbon footprint (CO₂e)



Overall performance	2021	2020 ⁸	2019 ⁸	Change ⁹
Total group carbon footprint (tCO ₂ e) ^{1,5}	571,885	640,693	657,008	-13%
per m ²	1.35	1.50	1.54	-12%
per FTE	24	27	27	-10%
per £m revenue ¹¹	80	90	96	-17%
Scope 1 ²	1,000	1,960	2,163	-54%
Scope 2 market-based ³	3,138	6,492	10,189	-69%
Scope 2 London-based	106,566	111,644	143,206	-26%
Renewable electricity (%) ⁷	100%	98%	96%	4%
Scope 3 ^{4,5,6}	567,747	634,175	646,569	-12%
- Purchased goods and services	550,861	603,613	564,107	-2%
- Fuel- and energy-related activities (FERA)	5,659	6,371	9,082	-38%
- Waste	185	369	1,879	-90%
- Water	80	1,166	1,282	-94%
- Business travel	3,169	9,593	42,662	-93%
- Employee commuting	1,907	4,745	27,422	-93%
- Homeworking	5,805	8,236	55	10,455%
- Upstream leased assets	81	81	80	1%
Exclusions (market-based) ¹⁰	767	1,933	1,914	-17%
Exclusions (location-based) ¹⁰	1,886	4,264	4,829	-60%



Footnotes

1. All Group totals and electricity breakdowns use market-based Scope 2 emission factors. Group carbon footprint includes tenant consumption, excludes client-based workers.
2. Scope 1 Emissions Combustion of fuel and operation of facilities – includes Natural Gas, Diesel, LPG, Fugitive Emissions and Fleet Vehicles.
3. Scope 2 Emissions purchase of electricity and heat by the Group for its own use. Market-based emissions use supplier-based emission factors, and energy attribute certificates for where 100% renewable supplier tariffs are not in place.
4. Scope 3 includes emissions from purchased goods and services, fuel- and energy-related emissions, air travel, rail travel, taxis, hotels and ground transfers, waste, water, employee commuting (including homeworking) and upstream leased assets.
5. DEFRA UK Government GHG Conversion Factors are used for our UK sites, and all business travel, water, waste, upstream leased assets and extrapolated data. US EPA factors are used for United States electricity and employee commute factors. IEA and GHG Protocol emissions factors are used to calculate Scope 1, 2 and Scope 3 fuel- and energy-related emissions for international sites where available. Defra IO factors have been adjusted to reflect reporting year consumer index pricing to estimate emissions related to purchased goods and services. US and UK National Travel Surveys have been used to inform our estimations for employee commuting. Emissions related to working from home have been based on EcoAct's 'Homeworking emissions whitepaper' (2020).
6. Scope 3 emissions are not separately reported by UK and Rest of Group, due to the collection of travel, purchased goods and services and other data at the Group level.
7. Energy attribute certificates have been purchased to claim renewable electricity consumption for all sites where 100% renewable supplier tariffs are not in place. These certificates have been sourced from an internationally recognised trader who is an IETA member and gold partner of CDP.
8. 2019 and 2020 total carbon emissions have been restated to reflect the acquisition of Refinitiv.
9. % Change is calculated between 2021 and 2019, the Group's target baseline year.
10. Emissions from sites not included within the reporting boundary relate to the divestment of Borsa Italiana and have been published for transparency.
11. The revenue figures for 2019, 2020 and 2021 are based on a 'pro-forma' approach to align with our global greenhouse gas inventory.

Our commitments

Our ambition and targets are underpinned by our external commitments and memberships including the United Nations Climate Change ‘Race to Zero’ and the UN Global Compact’s Business Ambition for 1.5°C.

We have set near-term targets, approved by the science-based targets initiative, against a 1.5°C trajectory to:

Halve our scope 1, scope 2 and scope 3 emissions

(fuel and energy related activities, business travel and employee commuting) against a 2019 baseline by 2030.

Engage two-thirds of our suppliers

(by scope 3 purchased goods and services emissions) to set science-based targets by 2026.

Our long-term target is to achieve net zero by 2040



Reducing our emissions: our six glidepaths

Our commitment to net zero requires robust planning and investment to transform our business operations. Setting near-term targets for 2030 was our first step, and to achieve these we have developed six glidepaths of activity.

Property and data centres

We will **halve** the emissions from our offices and data centres by making our locations and technology as efficient as possible

Business travel

We will cut our business travel by **50%** by working with our people and partners to rethink how and why we travel

Supply chain

We will work with our suppliers to lead by example and aim for **67%** of our suppliers (by emissions) to set science-based targets to reduce emissions by 2026

Renewable electricity

We will ensure **100%** of the electricity we consume is from renewable sources by increasing green tariffs across our portfolio, exploring on-site generation, and purchasing Energy Attribute Certificates (EACs) where those options are not currently available

Neutralisation and removals

For emissions that we cannot eliminate we will support nature-based solutions that have socioeconomic benefits and **receive carbon neutral certification**

Climate risk

We will continue to assess and act on the potential environmental impact a changing climate will have on our **physical locations and business model**

Our governance

Oversight, ownership and action across all levels of the business will ensure that we can plan for, and meet, our commitments over the next 20 years.

Our Group Sustainability team comprises subject matter experts who plan, coordinate and activate our ambition across social and environmental commitments.

Accountability for sustainability is also formalised across the business with the following groups taking on important governance responsibilities.

LSEG Board

The Board has ultimate oversight of the sustainability agenda and strategy, ensuring the long-term success of the company and that stakeholder expectations are met through our commitments and approach.

LSEG CEO

Our CEO has ultimate responsibility for all sustainability matters across LSEG.

Executive Committee

Our Executive Committee is responsible for the delivery of our Group Strategic Objectives (GSOs). Executive Committee compensation is linked to the delivery of our GSOs, one of which is focused on LSEG's sustainability strategy and our role in enabling sustainable growth, including our efforts to accelerate the transition to net zero.

Sustainability Committee

Chaired by our Chief Corporate Affairs and Marketing Officer and comprising Executive Committee members and functional leaders, this group is responsible for the strategic

oversight and delivery of LSEG's sustainability strategy, including our environmental commitments.

Sustainability Working Group

Chaired by our Group Head of Sustainability, with representation of sustainability subject matter experts from across LSEG, this group designs, shapes and delivers the Group's sustainability strategy. It supports the Sustainability Committee and reports on progress and areas for further development.

Environmental Management Group

Chaired by our Chief Operating Officer, this cross-functional team of senior leaders sets the ambition for environmental excellence across LSEG and identifies routes to delivery across their own teams, taking responsibility for our six glidepaths.

Environmental Operating Group

This group leads the programmatic delivery of environmental targets and identifies the delivery glidepaths for each target.

Progress through our 2030 glidepaths

Setting targets is just the starting point for ambitious climate action. We plan to deliver on these through six glidepaths, some of which have their own key performance indicators, with further development planned in 2022.

Each glidepath has a role to play in achieving our near-term targets and transforming how we operate as a business in a net zero future.

Reducing emissions from our properties and data centres

Why?

Our physical locations and data centres play a key role in how we operate and collaborate to drive value for our customers. However, we can do more to ensure they are as efficient as possible. As a result, we are investing in the latest and greenest solutions across our portfolio.

What?

We aim to halve the emissions from our offices and data centres by making our locations and technology as efficient as possible.

How?

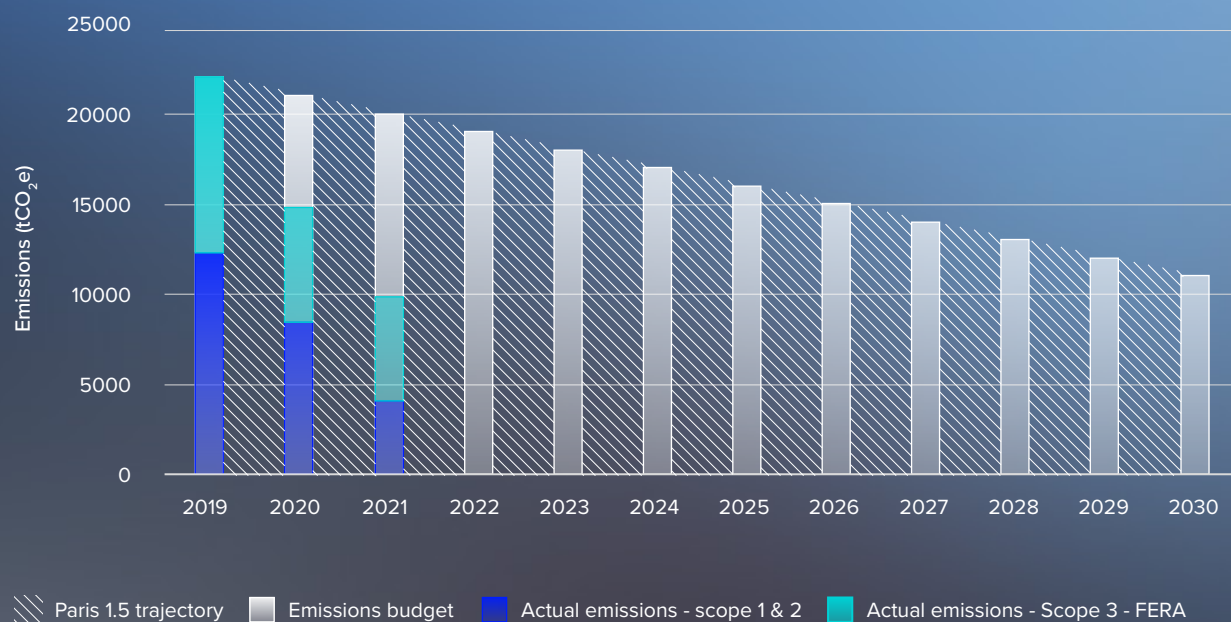
A **50%** reduction in our emissions across scope 1, scope 2 and some scope 3 categories by 2030 will nearly entirely be delivered by changes to our use of property and technology.

Supported by our renewable electricity and climate risk glidepaths, the route to achieve our reductions will focus on the following:

- Engagement with landlords
- Environmental framework
- Engineering solutions
- Portfolio consolidations
- Technology within data centres
- Projects including construction, refurbishment and upgrading equipment
- Leveraging suppliers
- Communications

Part of our activities will involve moving some of our data centre services to the cloud, and we are conscious that this will adversely impact our scope 3 purchased goods and services emissions. We will therefore be enhancing our sustainability considerations during the technology procurement process, and will continually address this through the efforts of our supply chain glidepath.

Figure 2: **Property and data centres pathway**



50% reduction in our scope 1 and scope 2 emissions by 2030 will nearly entirely be delivered by changes to our property and technology.

The impact of Covid-19 reduced our property and data centre emissions significantly from 2020-2021, enabling us to be well ahead of our target.

As the pandemic recedes, we want to keep our emissions below the Paris trajectory.

Rethinking how and why we travel for business

Why?

In the past travel was an important way to collaborate across our global business. However, due to the pandemic there has been a shift in our reliance on business travel. Having sought new ways to collaborate that save time, money and carbon emissions, we are working to ensure our levels of travel do not go back to pre-pandemic levels, embracing the change, benefits and enthusiasm around new ways of working.

What?

We will cut our business travel **by 50%** by working with our people and partners to rethink how and why we travel.

How?

Understanding the data behind our travel emissions has highlighted specific levers to reduce our emissions and achieve our 50% reduction by 2030.

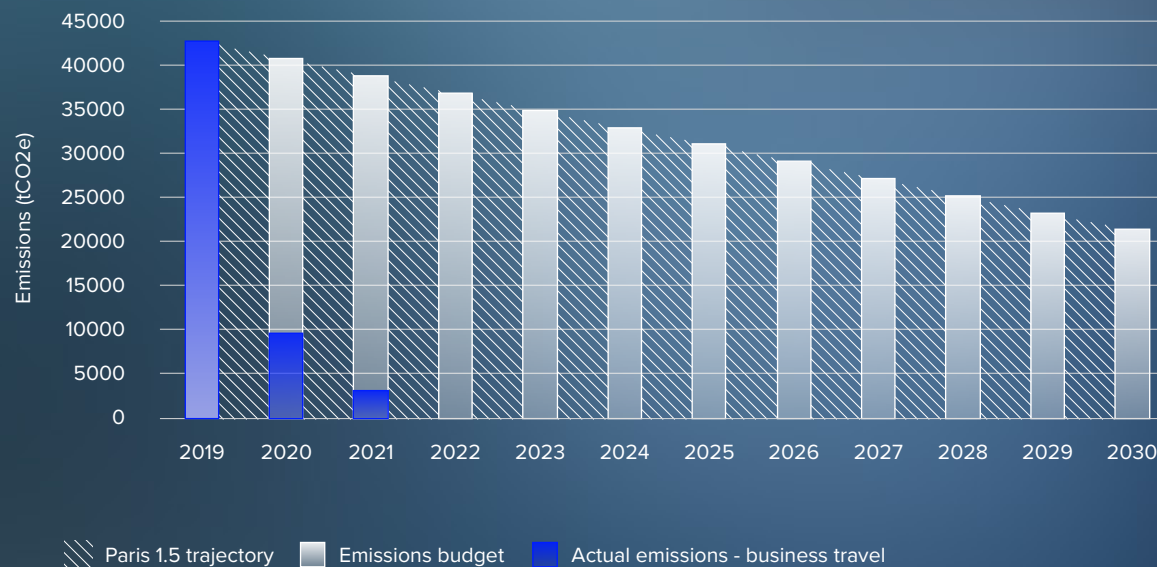
Working across the business and with internal and external partners we will implement the following measures:

- Reduce the need for internal meetings that involve air travel
- Work with our air travel vendors to understand the measures they are taking to reduce emissions
- Increase visibility and awareness among our people about the emissions associated with all business journeys and potential savings by switching classes

From our 2019 baseline data 96% of travel emissions are accounted for with air travel alone. Between 2019 and 2021 we recorded a 90% reduction in absolute emissions due to the travel restrictions imposed as a result of the pandemic. We need to ensure that our future approach to travel is carefully managed to ensure we meet our emission reduction targets while enabling us to effectively serve our customers and operate as a global business.

All emissions associated with business travel from 2021 onwards will be offset as part of our neutralisation and removals glidepath. In 2022 we will explore adopting an internal price on carbon and carbon budgets for business travel as a mechanism to encourage considerations and prioritisation across the company.

Figure 3: **Travel reduction pathway**



The impact of Covid-19 reduced our business travel emissions significantly from 2020-2021, enabling us to be well ahead of our target. As the pandemic recedes, we want to keep our emissions below the Paris trajectory.

Working with our supply chain to reduce emissions

Why?

Managing and measuring emissions outside of our direct control is fundamental to how we achieve our near-term target; it is also vital to our progress to net zero. As a global business with a large supplier base, 96% of our market-based emissions arise from our supply chain, meaning businesses whose services we utilise are responsible for more than 550,000 tonnes of CO₂e a year. It's essential we account for and reduce these emissions in partnership with our suppliers to support the global net zero ambition.

What?

We will work with our suppliers to aim for **67%** of our suppliers (by emissions) to set science-based targets to reduce emissions by 2026.

How?

We have a large supplier base, with around 7,000 individual suppliers in 2021. Emissions resulting from LSEG's purchased goods and services are part of our scope 3 emissions, the largest portion of our total reported emissions.

Suppliers contributing the greatest share of these emissions are those involved in IT and professional services, with approximately 166 suppliers responsible for 70% of our supplier emissions in 2021.

Through a robust engagement plan we will work with our suppliers to understand their challenges, track data and encourage action.

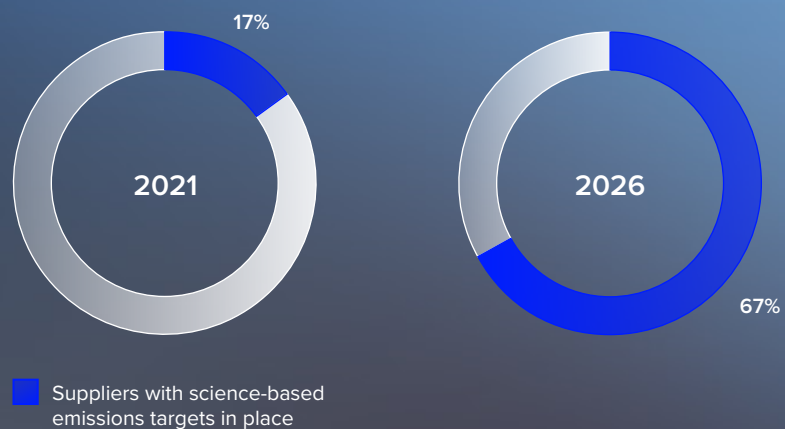
Our supplier base does shift and change year-on-year so it is essential that we track and monitor suppliers, emissions and target data in tandem. We will do this in four ways:

- Supply chain engagement: work collaboratively with suppliers through a tiered integrated supplier engagement approach. We are using third-party systems and processes to engage our suppliers, collect data and support capacity building.
- Embedding requirements: embed key sustainability expectations of suppliers throughout procurement activities, including integrating ambitious climate commitments into RFP and procurement processes, our supplier code of conduct, new contracts, and ongoing relationship management.
- We will also be working with the business divisions to enhance sustainability considerations within their operational decisions.
- Thinking bigger: work with our peers in the industry to push key suppliers and high emitting industries to change their behaviours.

As of 2021 17% of suppliers by emissions had science-based targets in place.

We will report on progress with respect to our supplier engagement programme in future Climate Transition Plans.

Figure 4: **Our suppliers with emissions science-based targets in place**



Through a robust engagement plan we will work with our suppliers to understand their challenges, track data and encourage action.

Increasing renewable electricity across our portfolio

Why?

Sourcing electricity from renewable sources will not only lower our scope 2 market-based emissions but will support the increased market demand for low-carbon electricity. For a location portfolio of our size and scale we are looking at this holistically across our business.

Firstly, our priority is to reduce our scope 2 emissions and secondly, we will ensure any residual emissions will be from a renewable source.

What?

We will ensure 100% of the electricity we consume is from renewable sources by increasing green tariffs across our portfolio, exploring on-site generation, and purchasing Energy Attribute Certificates (EACs) where those options aren't currently available.

How?

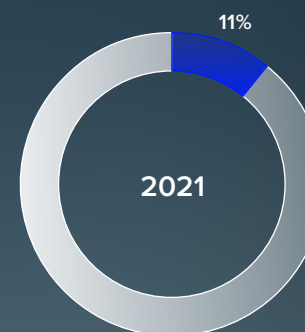
Sourcing 100% of our electricity from renewable sources depends on availability of green tariffs in the different regions where we operate. Where green tariffs are available, and we have control over the energy supply we are seeking to switch to renewable electricity sources. Where green tariffs are not available we are purchasing credible and traceable Energy Attribute Certificates which are market-based instruments that are created when 1 megawatt hour of electricity is generated from renewable sources.

Our long-term approach is to determine the feasibility to invest in Virtual Power Purchase Agreements (VPPA).

The key steps we are taking to shift to renewable electricity sources include:

- Identify credible and strategic options for purchasing renewable energy
- Identify strategic locations for transition to green tariffs
- Implement guidance for sites and procurements
- Determine opportunities for on-site generation
- Review longer term options for renewable energy purchasing

Figure 5: **Buildings on renewable tariff**



 % of electricity consumption

Neutralising and removing residual emissions

Why?

Alongside a robust emissions reduction plan across our locations, our operations, technology and travel, we will also incorporate credible offsets to neutralise and remove residual emissions. We know that a reliance on offsets, however credible is not a satisfactory end solution. However, used as part of a robust strategy where reductions are the key objective, then it is a valuable and impactful tool to support climate projects close to our global operations.

What?

For emissions that we cannot eliminate we will support nature-based solutions that have socioeconomic benefits and receive carbon neutral certification.

How?

From 2021 we have offset our emissions from scope 1, scope 2 and scope 3 (business travel).

This is being done in partnership with Natural Capital Partners, an external nature-based solutions consultant and focuses on sourcing offsets which achieve the following:

- Credible: robust approach which aligns with the CarbonNeutral® Protocol
- Alignment with best practice: supports our business rationale, is transparent and reduces reputational risk
- Positively impacts our locations and communities: solutions that are considerate of the impacts in the communities and locations we operate, ensuring that those most impacted by climate change on the ground see the benefits
- Demonstrate leadership: underpin a robust and deliberate approach



Projects supported through offsets in 2021

Project	Standards	What?	Why?	How?
Orb Household Solar, India	Gold Standard	Bringing affordable, reliable solar-powered electricity and hot water heating to communities across India.	With a growing middle class in India, demand for electricity has outstripped supply causing regular blackouts for those connected to the grid. In rural areas, kerosene or other fossil fuels are used for energy and lighting, polluting the air inside homes. This project has brings reliable solar power and solar water heating systems to customers throughout the country, while cutting around 55,000 tons of CO ₂ e a year by replacing the use of kerosene or electricity from a grid reliant on fossil fuels.	Orb Energy manufactures, sells, installs and services a unique range of high-quality solar energy systems for residential and commercial customers in India. Businesses can operate for longer and more consistently with a solar energy system. Household solar water heating reduces electricity bills by more than 50% and lighting at home means greater opportunity for children to study after the sun goes down.
Acre Amazon Rain Forest Conservation	CCB, VCS	Granting land tenure and providing agricultural training to prevent deforestation and promote sustainable economic livelihoods.	90% of Brazil's Acre state is forested, but current rates of destruction mean by 2030 this could decline to 65%. This collection of three projects aims to prevent deforestation across 105,000 hectares of pristine rainforest in the Amazon basin, protecting some of the world's most biodiverse habitats.	With the support of carbon finance, the projects work with communities and local groups to help protect ecosystem services while providing alternative models of economic development which avoid destruction of the forest.
Improved Cookstoves, Kenya	Gold Standard	Tackling household air pollution and deforestation with improved cookstoves in Kenya.	More than 95% of households depend on wood or other solid fuels for cooking in Kenya. This project aims to address dependence on non-renewable fuels and tackle health issues associated with traditional cooking stoves.	This project helps households and institutions throughout the country purchase efficient wood or charcoal cookstoves to replace traditional three-stone fires or other inefficient stoves. The stoves are sold (along with other 'eco-products' such as solar lanterns and water filters) through a local partner franchise model that helps ensure effective financing, marketing, and support to both end customers and local partners. 251,000 stoves have been sold across all eight provinces in Kenya.



Understanding and acting on climate risk

Why?

Understanding the impact of a changing climate on both our physical locations and our business model is fundamental to how we plan and operate as a global business. Using data to understand the potential impacts (both positive and negative) under different scenarios ensures we can build resilience into our business for the future.

What?

We will continue to assess and act on the potential environmental impact a changing climate will have on our physical locations and business model.

How?

LSEG has 23,000 people and a network of 187 properties located in 70 countries. We have undertaken scenario analysis to understand the potential physical impacts of extreme weather events on our people and locations. The findings are reported externally as part of our [TCFD disclosure](#) and integrated internally as part of our Enterprise Risk Management Framework as well as through governance and working groups to adopt the findings for location planning.

Climate risk and the transition to net zero also present opportunities for LSEG to support customers with sustainable finance solutions and the market more widely. This element of our work is summarised below and further detail can be found in our [Annual Sustainability Report](#).

The financial system as a catalyst for decarbonisation

LSEG is in a unique position to support decarbonisation efforts across the market and support the growing and essential drive to a net zero carbon economy. We are taking a leadership role in the industry and leveraging our partnerships, capabilities, products and services.

Here are some of the ways we are enabling and accelerating a just transition to net zero in financial markets:

Glasgow Financial Alliance for Net Zero (GFANZ)

LSEG was a founding member of GFANZ launched in April 2021 led by Mark Carney, UN Special Envoy on Climate Action and Finance. GFANZ is a global coalition of leading financial institutions committed to accelerating the decarbonisation of the economy.

Collectively they commit to achieving the objective of the Paris Agreement to limit global

temperature increases to 1.5°C. LSEG CEO David Schwimmer is a member of the GFANZ CEO Principals Group.

Net Zero Service Providers Alliance

Launched in 2021, under the GFANZ umbrella, the Net Zero Financial Service Providers Alliance (NZFSPA) is a global group of Service Providers committed to supporting the goal of global net zero greenhouse gas emissions by 2050 or sooner, in line with the ambition to limit the global temperature increase to 1.5°C above pre-industrial levels.

This alliance commits members to align relevant services and products to net zero by 2050. LSEG was a founding member and is actively involved in the alliance which will set targets and metrics to drive the commitment.

Climate Transition Offering

The London Stock Exchange's Climate Transition Offering for London-listed companies provides a range of guidance, tools and resources to help companies in transition to a low-carbon economy.

This includes LSEG's Climate Governance Scores for issuers which is an assessment of companies' carbon management practices and incorporation of climate change considerations into business strategies. This score helps issuers to understand where they are relative to industry peers and what they need to improve.

The offering also includes resources to support companies with climate reporting in line with the TCFD recommendations.

Transition Bond Market

In February 2021, the London Stock Exchange (LSE) launched the Transition Bond Segment within its Sustainable Bond Market. This helps issuers raise finance to fund transition-related activity in line with credible Paris-Aligned transition plans. The Transition segment joins the Green, Social, Sustainability and Sustainability-linked segments which make up the LSE's Sustainable Bond Market.

Voluntary Carbon Markets

In November 2021, the London Stock Exchange announced its intention to develop a new market solution for voluntary carbon markets to accelerate the availability of financing for projects to support a just transition to a low-carbon economy.

The solution aims to address two major challenges inherent in the scaling up of the voluntary carbon markets: access to capital at scale for the development of new climate projects worldwide; and primary market access to a long-term supply of high-quality carbon credits for corporates and investors.

This will enable companies and investors to augment credible net zero transition strategies more confidently, by financing additional projects to offset unavoidable carbon emissions during their path to net zero.

FTSE EU Climate Benchmarks Index Series

To help investors reallocate capital in line with the transition to a low carbon economy FTSE Russell launched the FTSE EU Climate Benchmarks Index

Series in July. FTSE Russell consulted Brunel Pension Partnership in the design of the indices which include a range of climate-themed equity indices aligned to the Paris Agreement.

The index series cover a broad range of developed and emerging equity markets including FTSE All-World, FTSE Developed, FTSE Emerging, Russell 1000, FTSE All-Share and FTSE Australia 200.

The index series apply the FTSE Target Exposure Framework which includes a transparent tilt exposure towards and away from index constituents according to several exposure objectives such as fossil fuel reserves, carbon reserves and green revenues to achieve Paris alignment.

Carbon footprint data and analytics

Refinitiv is a pioneer in ESG data, servicing the global financial industry since 2002. Refinitiv carbon data covers 12,000 companies and is one of the most consistent, comprehensive and auditable data sets available in the market. It is natively integrated into mainstream financial

market solutions such as Refinitiv Workspace making carbon data integration efficient and cost effective.

Through our products, we accelerate the transition to net zero across global financial markets. Our research teams provide in-depth understanding of the carbon markets, policy and regulatory drivers and forecasts for emissions trading to help organisations achieve their emissions targets.

Climate Transition Centre

Announced in October 2021, the LSEG Foundation supported the funding of the Transition Pathway Initiative (TPI) Global Climate Transition Centre at the London School of Economics.

It will dramatically scale publicly available research on the climate transition pathways of 10,000 businesses, covering global equity markets, fixed income and private markets.

This builds on our existing relationship through FTSE Russell, our Index business, which is TPI's data partner.



2030 and beyond

As this is our first Climate Transition Plan, we have focused on the actions we are taking to achieve our near-term targets to 2030.

Many of these actions are underway and delivering results. We look forward to providing details of progress in future reports.

During 2022 we are undertaking further work to assess the actions and investment required beyond 2030 to achieve our longer-term net zero target. Using the SBTi's Net Zero Guidance released in October 2021, our work in 2022 will identify our path to net zero from 2030 across our business operations and value chain with the adoption of measurable targets and interim KPIs.

To help achieve this, we will invest in nature-based solutions and other carbon-reduction technologies to remove from the atmosphere or offset more carbon than LSEG emits each year. By 2040, we aim for 100% of unavoidable emissions to be neutralised with an equivalent amount of carbon removals. This will involve the purchase of carbon removals and the scoping and implementation of an internal carbon price starting with business travel. Such a tool would factor the external cost of greenhouse gas emissions into business and investment decisions to incentivise efficiency and enable low-carbon innovation.

How we disclose and report on progress

Disclosing data and progress transparently ensures we are not only accountable for our commitments, but in making our data public we are also encouraging transparency in the market.

We commit to monitoring and reporting in alignment with best practice on sustainability disclosures and we intend to report our net zero progress in our 2023 Climate Transition Plan alongside other reports where we disclose our sustainability performance including:

- LSEG Annual Report & Accounts
- Annual Sustainability Report
- CDP Climate Change disclosure
- TCFD Report

Further information

For further information regarding LSEG's sustainability approach please see lseg.com

LSEG is more than a diversified global financial markets infrastructure and data business.

We are dedicated partners to our customers, with an open model and commitment to excellence. With extensive experience, deep knowledge and global presence across financial markets, we enable businesses and economies around the world to fund innovation, manage risk and create jobs. It's how we've contributed to supporting the financial stability and growth of communities and economies globally for more than 300 years.

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