



**London**  
Stock Exchange Group

Leading the world's sustainable  
finance ecosystem



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finance ecosystem



**London**  
Stock Exchange Group

## Encouraging growth Expanding opportunities

Corporate Sustainability Report  
31 December 2019



# LSEG

## Who we are

London Stock Exchange Group is a global financial markets infrastructure business. We provide valuable services for a wide range of customers, focusing on Data and Analytics, on Risk, Collateral and Processing Solutions, and on Capital Formation and Trade Execution.

The Group plays a vital economic and social role in enabling companies to access funds for growth and development.

For further information, visit:  
[www.lseg.com](http://www.lseg.com)

-42%

Overall carbon footprint  
per Full Time Employee

100%

Employees successfully  
completed mandatory  
Anti-Bribery and Corruption  
training in 2019

£1.4m

Donated to charity  
by LSEG Foundation

Investor Relations  
London Stock Exchange Group plc  
10 Paternoster Square  
London EC4M 7LS

Email: [irinfo-r@lseg.com](mailto:irinfo-r@lseg.com)

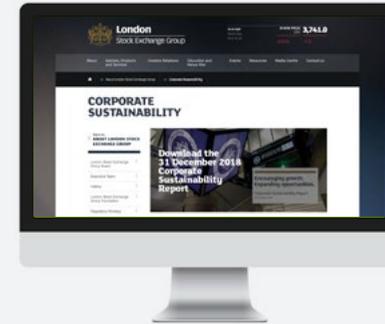
For a glossary of terms, visit:  
[www.lseg.com/investor-relations/  
group-glance/glossary](http://www.lseg.com/investor-relations/group-glance/glossary)

## Our commitment to sustainability

This report provides an annual update of the Group's approach, aims and achievements across all aspects of Corporate Sustainability (CS). Our sustainability performance for 2019 is demonstrated through both quantitative KPIs and descriptions of various initiatives and programmes that were put in place to implement our strategy and reach our targets.

### For further information, visit:

[www.lseg.com/about-london-stock-exchange-group/corporate-sustainability](http://www.lseg.com/about-london-stock-exchange-group/corporate-sustainability).



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# Welcome to our 2019 Corporate Sustainability Report

“We are uniquely placed to provide products and services that support our purpose of enabling businesses and economies to fund innovation, manage risk and create jobs”

**David Schwimmer**  
CEO



## Corporate Sustainability

I am delighted to present our 2019 Corporate Sustainability (CS) Report. Sustainability is a strategic focus for our Group and this report reflects on the actions we are taking regarding our own business as well as our continuing commitment to support global financial stability and sustainable growth. We have an important role and responsibility to support companies and issuers in the transition to a sustainable and low-carbon economy. Our position at the centre of global financial markets means our business is uniquely placed to provide products and services that support our purpose of enabling businesses and economies to fund innovation, manage risk and create jobs.

In Information Services, we acquired Beyond Ratings, a highly regarded provider of ESG data for fixed income investors, and have since launched the Climate WGBI, an innovative index which allows investors to incorporate climate risk considerations into their sovereign debt

investment decision-making process, a market first. In Capital Markets, we launched the Green Economy Mark, to allow the market to identify issuers that generate greater than 50% of their revenues from green products and services, and the Sustainable Bond Market (SBM), a new dedicated segment for social and sustainability bonds. The SBM also imposes a higher standard of disclosure on issuers to ensure continued eligibility for this market. In Post Trade Services, we play a critical role supporting global financial stability by reducing and managing risk through the efficient operation of central counterparties, supporting the integrity of financial markets. In 2019 we extended the range of products that can be centrally cleared and compressed \$920 trillion of notional value through our SwapClear service which benefits investors, corporates and the wider economy through release of capital for other investment purposes.

Turning to our own corporate initiatives, in 2019, the LSEG Foundation donated £1.4 million across a variety of activities for a number of global and regional charities. We also launched the LSEG Foundation Challenge, which saw over 400 colleagues participating and over 2,400 hours volunteered, taking advantage of the two paid volunteering days we offer every employee globally. Over 20% of our global workforce took part in volunteering initiatives in 2019.

We are committed to supporting a culture that fosters collaboration and innovation, as well as diversity and inclusion, and in 2019 we have taken a number of steps to help us achieve this goal, including the launch of our global Inclusion Network (IN). We have also made progress on our gender diversity targets, with 38% of our new hires in 2019 being female, increasing further to 41% at senior manager level.

We have maintained or improved our scores across a number of recognised international ESG reporting frameworks, have developed our approach to Task Force on Climate-related Financial Disclosures (TCFD) reporting with a detailed review of potential climate change impacts on the Group, and have incorporated Sustainable Development Goals into our sustainability approach. I am delighted to say that we have further reduced our CO<sub>2</sub> emissions per FTE by 42% during the year on top of the significant reduction we had achieved in 2018.

Finally, as our Group continues to expand, our responsibilities and impact on our communities and environment also expand. We are now planning the next phase of our approach to sustainability to ensure we continue to manage our own corporate responsibilities and at the same time that we are an enabler of positive change in the markets where we operate.

**David Schwimmer**

# Group at a glance

## Who we are

London Stock Exchange Group is a global financial markets infrastructure business.

We provide valuable services for a wide range of customers, focusing on Data and Analytics, on Risk, Collateral and Processing Solutions, and on Capital Formation and Trade Execution.

## Our Vision

To become the leading global financial markets infrastructure group.

## Our Purpose

We support global financial stability and sustainable economic growth by enabling businesses and economies to fund innovation, manage risk and create jobs.

For more information on our business model, see page 10 of the Annual Report

## Our Group

### Information Services

Provides customers with an extensive range of valuable information, analytics and data products, that inform investment decisions and capital allocation, including indices, data on pricing, trading and valuations.

- FTSE Russell launched Climate WGBI

### Post Trade

The Group offers a full range of central counterparty (CCP) clearing services and collateral management solutions which provide strong risk management and capital efficiency benefits. These allow our buy-side and sell-side customers to operate more effectively, enabling increased trading and investment activities.

- Over US\$1.2 quadrillion of notional cleared by SwapClear in 2019

### Capital Markets

Our Primary Markets provide choice and connections between a wide range of issuers and investors, enabling domestic and international companies to raise capital effectively.

Our Secondary Markets provide liquid and deep access to financial securities to enable improved price formation, transparency and trading efficiency.

- London Stock Exchange launched Green Economy Mark and Sustainable Bond Market

### Technology

Delivers financial markets infrastructure IT to various businesses within the Group. This IT comprises resilient, secure, high-performance trading platforms, post trade platforms, real time market data, hosting and other infrastructure products and services. It also provides these services to third parties around the world.

### Our Corporate Sustainability

Integrity and trust are at the core of what we do. As a Group we have, from the outset, operated under the banner of 'my word is my bond'. That overriding principle is still relevant today as a provider of trusted, reliable, independent and user neutral services. We recognise the role we play in international markets. This role encapsulates not only commercial and performance objectives but also environmental, social and governance (ESG) responsibilities.



● LSEG offices

# Our strategic pillars

## 1. Our Markets

Supporting the sustainable growth of companies for long-term economic prosperity

### Highlights

- London Stock Exchange launched the Sustainable Bond Market
- London Stock Exchange launched the Green Economy Mark, which recognised 75 companies and funds across our London markets
- A record 79 new ESG ETFs were listed on our markets
- Borsa Italiana launched a new segment of its ExtraMOT market for the growth of Italian SMEs

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65

green bonds listed on our markets in 2019

## 2. Our Services

Enabling informed investment decisions and transparent markets operations

### Highlights

- LSEG acquired Beyond Ratings, a specialist ESG research company that specialises in fixed income and government bond ESG solutions
- FTSE Russell launched Climate Adjusted World Government Bond Index (Climate WGBI)
- FTSE Russell launched FTSE Custom Developed Ex Korea SDG Aligned Net Tax (DSDG) Index
- In early 2020, FTSE Russell launched the FTSE TPI Climate Transition index in collaboration with TPI and the Church of England Pensions Board

---

€5.8 billion

commitment to tracking FTSE Custom Developed Ex Korea SDG Aligned Net Tax (DSDG) Index

## 3. Our People

Recruiting and developing diversified talent to fulfil their potential

### Highlights

- LSEG launched its 'Inclusion Network' (IN)
- Launch of Group Culture Dashboard reporting to Group Executive Committee and Board
- First spring week programme for Science Technology Engineering and Maths (STEM) students
- All Managing Directors received 360° feedback and development programmes

---

137%

share price appreciation for employees' Sharesave maturities

## 4. Our Communities

Empowering people, enriching communities

### Highlights

- LSEG Foundation donated £1.4 million to charities in 2019
- Launched volunteering initiative for SMEs in partnership with Centre for Entrepreneurs as part of their NEF Fast Track programme
- LSEG Foundation Challenge launched in October 2019
- Lindenfeld Association Ajungem Mari chosen as Romania charity partner

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20%

of our global workforce volunteered in 2019



Leading the  
world's sustainable  
finance ecosystem



London  
Stock Exchange Group

1.

Corporate  
Sustainability  
Strategy

# Our approach to Corporate Sustainability

## Why Corporate Sustainability matters

LSEG believes that good Corporate Sustainability (CS) practices are fundamental to our continued success and delivery of enhanced business performance. We aim to support financial stability and sustainable economic growth by enabling businesses and economies to fund innovation, manage risk and create jobs. This corporate purpose encapsulates not only commercial and performance objectives but also environmental, social and governance (ESG) responsibilities. Accordingly, we set our CS strategy in line with our wider business strategy.

To develop and achieve the Group CS objectives and targets, we established a Group CS Committee in 2011. The successful execution of our CS strategy is exhibited through the achievements made throughout 2019 discussed in this report.

## Our purpose

We support global financial stability and sustainable economic growth by enabling businesses and economies to fund innovation, manage risk and create jobs.

### CS strategy

We have six impact areas that direct our focus on all of our CS activities.

#### Convene

Leveraging our position at the centre of capital markets to drive global growth

#### Grow

Small and medium-sized enterprises (SMEs) raise capital and fund investments to create employment worldwide

#### Disclose

Providing investors with information and tools to assess the ESG performance of companies to facilitate engagement and investment approaches

#### Transition

We work with issuers and investors to provide solutions that accelerate and manage the transition to a low carbon and sustainable economy

#### Develop

Employ and invest in the development of a highly diverse global workforce to deliver on our sustainable vision

#### Sustain

We will help the less advantaged in communities worldwide to develop business skills and to support the environment

### CS pillars

Our strategy is executed through four pillars, which we report progress against.

#### Our Markets

Supporting the sustainable growth of companies for long-term economic prosperity

[See page 13](#)

#### Our Services

Enabling informed investment decisions and transparent markets operations

[See page 17](#)

#### Our People

Recruiting and developing diversified talent to fulfil their potential

[See page 21](#)

#### Our Communities

Empowering people, enriching communities

[See page 29](#)

These two pillars represent areas where we can have the biggest impact as a business, using our unique position at the centre of capital markets to make a meaningful difference.

### Other CS considerations

We aim to ensure our corporate behaviour and actions are consistent with good practice while generating long-term value creation.

# Sustainability Governance

Our approach to Corporate Sustainability is overseen by the LSEG Board. The CEO is responsible for sustainability matters, while the Group CFO, who is a Board member, has responsibility for the environmental policy. In 2019, the Board met four times to discuss ESG matters.

Our sustainability strategy is driven by the Group Corporate Sustainability Committee, on which Executive Committee members sit. Delivery of the sustainability programme is carried out by the Sustainable Business team, reporting to the heads of Investor Relations and Government Relations and Regulatory Strategy.

Each pillar lead has established working teams drawn from across the Group, two of which also have oversight of related CS initiatives, shown in the diagram to the right, such as the Diversity and Inclusion (D&I) committee which feeds into the 'Our People' working team.

## Risks

We continue to assess the materiality of ESG and related risks to LSEG and to increase our focus on embedding these risks into our Enterprise Risk Management framework. While we recognise the importance of Environment, Human Rights and Anti-bribery and corruption (ABC) risks, and these are not currently considered principal risks for the Group. Some climate-related risks have been categorised as emerging risks and it is acknowledged that they are inherently linked to other strategic, financial and operational risks. Additionally, some social matters are still identified under the Employees principal risks for the Group in the Principal Risks section of the Annual Report.

In 2019, further steps have been taken to cement our approach, including the formal training of risk champions on ESG-related risks, and the determination of key scenarios to inform Taskforce on Climate-related Financial Disclosures (TCFD) reporting, both facilitated by an independent and external consultancy. More information on our sustainability and climate-related principal risks can be found on page 73 of the Annual Report.

## Governance



# Materiality review

Prior to reporting, all CS initiatives and activities from across the year are assessed for their materiality within our CS strategic framework. Items are cross-referenced using both internal and external evaluators. Internally, activities are grouped into pillars and evaluated on their relevance to six impact areas and externally against the UN Sustainable Development Goals (SDGs) and Global Reporting Initiative (GRI) materiality definitions. If the item is deemed to be material against this framework, it is reported.

Together, this framework provides a tool to

- set coherent and congruent objectives with cross-Group impact
- create aligned action plans
- engage with employees to add value through innovative CS strategies
- engage effectively with external audiences and stakeholder groups

## Sustainable Development Goals

We assess CS initiatives and activities for their contribution towards fulfilling five SDGs that are relevant to stock exchanges as set out by the UN Sustainable Stock Exchanges initiative (UN SSE): gender equality, decent work and economic growth, responsible consumption and production, climate action and partnerships for the goals.

More information on SDGs can be found here: <https://sustainabledevelopment.un.org/sdgs>.

This framework, incorporating the SDGs in corporate reporting is recommended in our ESG Reporting Guidance.

## Impact Areas

The six impact areas and their materiality are

### Convene

Leveraging our position at the centre of capital markets to drive global growths

### Grow

Small and medium-sized enterprises (SMEs) raise capital and fund investments to create employment worldwide

### Disclose

Providing investors with information and tools to assess the ESG performance of companies to facilitate engagement and investment approaches

### Transition

We work with issuers and investors to provide solutions that accelerate and manage the transition to a low carbon and sustainable economy

### Develop

Employ and invest in the development of a highly diverse global workforce to deliver on our sustainable vision

### Sustain

We will help the less advantaged in communities worldwide to develop business skills and to support the environment

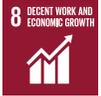
## Sustainable Development Goals

Relating to the six impact areas.



# Progress on our commitments

In the past year, we have continued to make progress towards the commitments made in our 2018 CS Report.

Pillars	Impact Areas	Objective	Actions	SDGs Supported	Progress
Our Markets Our Services	Grow	<ul style="list-style-type: none"> <li>Convene the investment industry to discuss and progress solutions for the transition to a sustainable and low-carbon economy from across our business division and determine consensus to influence regulatory developments in our clients' interest</li> </ul>	<ul style="list-style-type: none"> <li>Third Italian Sustainability Day in July 2019 saw a record 300+ one-on-one meetings between Borsa Italiana listed companies and investors on ESG issues (see page 16)</li> <li>The inaugural Sustainable Finance and Investment Summit was hosted by London Stock Exchange in October 2019 (see page 16)</li> <li>For a full overview of our convening activity in the reporting period, please see Our Markets (page 13) and Our Services (page 17)</li> </ul>	  	✓
	<ul style="list-style-type: none"> <li>Convene</li> <li>Disclose</li> <li>Transition</li> </ul>				<ul style="list-style-type: none"> <li>Scale up our offering for the promotion of SMEs' access to funding and help them bridge the gap to long-term financing; build on the ELITE initiative, our AIM market and the 'Companies to Inspire' series; and address the needs of developing markets including the development of vital market infrastructure</li> <li>Develop and launch further initiatives to promote disclosure among issuers</li> <li>Development of new products that add new tools supporting the transition to a sustainable and low-carbon economy and related capital flows</li> </ul>

Key:  
 ★ Exceeded target  
 ✓ Met target  
 → Working towards target

# Progress on our commitments continued

Pillars	Impact Areas	Objective	Progress	SDGs Supported	Progress
<b>Our People</b> <b>Our Communities</b>	<b>Develop</b> <b>Sustain</b>	– Deliver the Foundation action plan aligned with the revised strategy	– See Our Communities section, pages 29–23. This year a Group-wide volunteering challenge boosted the hours donated by LSEG employees to charitable causes	  	✓
		– Review and achieve target for staff involvement in volunteering across the Group	– The target was reviewed from 15% to 25% of employee base involvement in volunteering initiatives (see pages 30–33) 20% of our global employee base took part in volunteering in 2019		→
	– Upgrade our environmental management governance and work towards the science-based environmental targets	– See our enhanced TCFD disclosures in the Annual Report – Supporting Sustainable Growth section and on pages 52 -53 of this report – In 2019, LSEG engaged with the Science-based Targets Initiative to work towards the approval of its submitted 2030 targets (see Environmental section, page 36)	★		
	– Work towards the achievement of the Group-wide 2020 gender diversity targets and consider extension of diversity programme beyond gender	– In 2019, LSEG launched its global Inclusion Network (see page 25) – For progress against the 2020 gender diversity targets, see Our People, page 25	→		

Key:  
 ★ Exceeded target  
 ✓ Met target  
 → Working towards target

# Looking Ahead

As our business expands and diversifies, we continue to review our sustainability objectives.

Pillars	Impact Areas	Objective	SDGs Supported
<p><b>Our Markets</b></p> <p><b>Our Services</b></p>	<p><b>Grow</b></p> <p><b>Convene</b></p> <p><b>Disclose</b></p> <p><b>Transition</b></p>	<ul style="list-style-type: none"> <li>– Build on LSEG purpose statement to develop a long-term integrated sustainable finance strategy, including developing capabilities to support investors and issuers focus on the transition to a low carbon economy</li> <li>– Develop new tools to promote better ESG disclosures on LSEG markets and beyond, and promote disclosure through benchmarks</li> <li>– Support climate finance action for COP26, co-hosted by the UK and Italy, to convene the finance industry across both markets to mobilize capital markets in support of action to enable climate transition</li> <li>– Build on the success of the Companies to Inspire series, ELITE and AIM to promote access to capital of SMEs</li> </ul>	  
<p><b>Our People</b></p> <p><b>Our Communities</b></p>	<p><b>Develop</b></p> <p><b>Sustain</b></p>	<ul style="list-style-type: none"> <li>– Further align HR systems and programmes, including diversity and wellbeing, to the Board's culture approach ensuring resilience during periods of change</li> <li>– Further tighten the alignment of LSEG community investment programme to LSEG Foundation's mission and strategy, aiming for a 95% target</li> <li>– Achieve the 25% target for LSEG staff's involvement in volunteering activities</li> <li>– Work towards the approval of our science-based target by the Science-based Targets initiative during 2020 and aim for a further 2% reduction in Scope 1 and 2 emissions per FTE/£m revenue and a 2% reduction in waste per FTE compared to 2019, while assessing using Gold standard carbon credits to offset unavoidable air travel emissions, alongside other initiatives that will reduce our impact of our business travel</li> </ul>	  

# 2.

2019  
Review



# Our Markets

Supporting the sustainable growth of companies for long-term economic prosperity

As a fundamental component of the economy, our markets, built on transparency and trust, help customers optimise their capital resources and let businesses thrive.

65

Green bonds listed on our markets in 2019

## Highlights

- London Stock Exchange launched the Sustainable Bond Market
- London Stock Exchange launched the Green Economy Mark, which recognised 75 companies and funds across our London markets
- A record 79 new ESG ETFs were listed on our markets
- Borsa Italiana launched a new segment of its ExtraMOT market for the growth of Italian SMEs

1,400

Companies in the ELITE ecosystem

“Financial markets must play a pivotal role in the transition to a more sustainable economy. LSEG is committed to playing its part”

**Raffaele Jerusalemi**  
Group Director, Capital Markets

## Impact Areas:

Convene | Grow | Disclose | Transition

## Sustainable Development Goals:



## Further information

Our activities under Our Markets and Our Services pillars are integrated with our operational activities. Details on these initiatives can be found in our Annual Report as identified by the following symbols:

Our Markets 

Our Services 

## Our Markets continued

### ELITE Grow

Continuing to support SME development and growth

ELITE is LSEG's innovative international business support and capital raising programme designed for ambitious, high-growth companies. In 2019, ELITE continued to expand its reach, launching ELITE Scotland in January and ELITE America, building on an existing partnership with JobsOhio. The ELITE global community includes 1,400 companies representing 45 countries across 36 sectors and accounting for over 500,000 jobs. Across the year, five ELITE programme graduates joined AIM Italia, taking the total number of IPOs from ELITE companies on our markets to 29.



ELITE also launched a new corporate governance framework for SMEs, based on the Corporate Governance Code for listed businesses. This aims to provide clear and easy-to-read support on corporate governance for fast-growing private businesses and to act as a practical tool to help these businesses in the medium to long term.



Market open for launch of ELITE Scotland

### AIM Grow

Markets that support growth

AIM has been a source of long-term capital for more than 3,800 companies from around the world. During 2019, 23 companies were admitted to our London market, with £3.8 billion raised across new and further issues. In Italy a record 31 companies were admitted to our AIM Italia market.



AIM and AIM Italia are both officially designated as European SME Growth Markets, with 60% of capital raised in European growth markets in 2019 seen at AIM.

### Green Finance Grow Transition

Green Equity and Funds

In October 2019, London Stock Exchange launched the Green Economy Mark, recognising equity issuers on London Stock Exchange Main Market and AIM with green revenues of 50% or more, identified by the Green Revenues data model developed by FTSE Russell. At the end of 2019, across all our markets there are 77 green companies listed on our markets, comprising the 75 London Stock Exchange companies and funds that received the Green Economy Mark and two on Borsa Italiana.



Green funds listed in London raised £2.3 billion in 2019, representing over one third of all capital raised by listed funds in London. Listings in 2019 included funds for alternative energy across both Europe and America as well as the largest ever green fund to launch on London Stock Exchange, focused on renewable energy assets in Europe and Australia. Further issuance by existing listed green funds raised over £1.5 billion in 2019, highlighting the strength of investor demand for renewable energy and energy efficiency assets and underlining LSEG's position as a leading international centre for promoting and raising green finance.



Launch of the Green Economy Mark

2019 saw a record breaking 79 ESG and sustainable ETFs listed on our markets, bringing the total to 187 with €2.7 billion AUM on Borsa Italiana as of 31 December 2019 and value traded up 54% on London Stock Exchange year on year.

79

ESG and sustainable ETFs listed on our markets in 2019

# Our Markets continued

## Green Finance

### Grow Transition

#### Sustainable Bond Market

In October 2019, LSEG launched the Sustainable Bond Market (SBM) building upon the success of London Stock Exchange's Green Bond Segment, launched in 2015. This includes new dedicated segments for social and sustainability bonds and incorporates the existing Green Bond Segment. These segments enable investors to distinguish between different types of sustainable bonds, based on independently verified frameworks and use of proceeds.

London Stock Exchange has also created a new Issuer-Level Segment for bonds by issuers whose core business activity is aligned with the green economy. This enables eligible green economy businesses with more than 90% green revenues to admit bonds to SBM. We have introduced mandatory annual post-issuance reporting requirements for issuers on SBM, to provide transparency to investors on the ongoing use of proceeds and demonstrate continued eligibility to SBM over the lifetime of the bonds.



RBS opens the market in London

#### Green Bonds

Following the launch of the SBM, London Stock Exchange reclassified a number of securities under the new social bond tag or using the Issuer-Level Segment classification. As of the end of 2019, 41 new sustainable bonds were listed on the London Stock Exchange, raising a total of more than £11 billion, and bringing the total number of green, social and sustainable bonds to 215, from 174 in 2018, using the new SBM classifications on 2018 data. Highlights include the first Latin American sovereign green bond (Chile £1.1 billion) to trade on London Stock Exchange's International Securities Market (ISM); the first social bond from a bank (RBS £640 million); the first sustainability bond from a UK water company (Yorkshire Water £340 million); and innovative issuances from The Co-operative Group, supporting its Fairtrade partnership, and Standard Chartered, which is focused on lending to developing countries.

On Borsa Italiana's Green and Social Bond segment, 24 new green or sustainable bonds were listed in 2019, with a total of 84 instruments on the segment at the end of the year. This included a €500 million Climate Action bond listing by Snam, an energy infrastructure company, on the ExtraMOT PRO Green and Social segment. During the year, Borsa Italiana launched a new bond segment of its ExtraMOT market, ExtraMOT PRO<sup>3</sup>, for Italian SME companies not listed on regulated markets and / or with an issue value of less than €50 million. 157 debt instruments have been listed with over €5 billion raised since launch.



65  
green and sustainable bonds  
listed on our markets in 2019

## Companies to Inspire

### Grow

#### Companies to Inspire

LSEG's Companies to Inspire reports identify the fastest-growing SMEs and highlight the contribution that these companies make to the economy, including driving innovation and employment. This year we issued the sixth edition of the 1000 Companies to Inspire Britain report which had a key focus on creating the right conditions for SMEs to grow and prosper as well as increasing awareness of the finance and investment opportunities available to help sustain their growth, such as utilising our ELITE platform. This year's companies demonstrated 108% revenue growth, up from 70% last year, as well as the creation of 95,287 jobs over a two-year period.

The launch of the second edition of the Companies to Inspire Africa report showcased the growing prospects that Africa offers as well as emphasising the social and economic role that these businesses play within the market. While focusing on the achievements of these inspiring companies, they also aim to recognise and present potential solutions to challenges that may exist for these companies, such as building partnerships to reduce uncertainty and aid long-term development.



Launch of the 2019 1000 Companies to Inspire Britain report

# Our Markets continued

## LSEG ESG Reporting Guidance

Disclose  
Convene

LSEG guidance report on Green Finance

In October 2019, LSEG published a comprehensive guide for issuers providing an introduction to green finance, an overview of all relevant capital-raising tools and featured

case studies. The publication has received positive feedback including requests by UK government departments to use it in their training and engagement activities.



London Stock Exchange 'Navigating the green finance landscape' report

ESG Disclosure Score and online tool

Building on our ESG reporting guidance report in 2017 and to help issuers better understand where they could prioritise their disclosure efforts, in October 2019 London Stock Exchange launched an issuer ESG Disclosure Score with a supporting online self-assessment tool. This generates a percentage score reflecting the level of disclosure by the

issuer of key ESG metrics for their industry, linked to and reinforcing global standards such as GRI, SASB, CDP and TCFD. It is calculated for and provided to issuers via the London Stock Exchange's Issuer Services platform along with their industry average score for comparison. An online tool was also developed to enable issuers to calculate their own score.

## Events and Conferences

Convene  
Transition

Sustainable Finance and Investment Summit

On 11 October 2019 LSEG held its inaugural Sustainable Finance and Investment Summit: a full-day summit with 'deep dive' workshops held in London to educate issuers on this increasingly important area of focus and panels

featuring UK issuers, investors, regulators, policymakers and disclosure-standards bodies. The event was attended by more than 250 delegates on the day and had over 100 online viewers.

Transition Bond Roundtable

As part of the consultation around our new Sustainable Bond Market in 2019, LSEG held a roundtable discussion featuring investors, issuers and the advisory community on the emergence of transition bonds as an asset class to help companies and countries raise capital in support of their

transition to low carbon. The aim was to facilitate a conversation with key market participants about the purpose of transition bonds, how they should be classified and what disclosures would be appropriate.

African Green Companies and Investment Roundtable

As part of LSEG's Companies to Inspire Africa publication, the Group convened African green sector companies, investors and policymakers to discuss the challenges of green investment in Africa. The roundtable has led to an ongoing dialogue with these companies as they continue to grow and

raise capital and underlines our commitment to working with African governments, development agencies and the UK government to unlock sustainable finance and local currency opportunities to support development in Africa.



Companies to inspire Africa market open ceremony

Italian Sustainability Day

Borsa Italiana hosted its third Sustainability Day in 2019, running sessions for over 600 attendees on long-term sustainable growth strategies for Italian listed companies, sustainable financing tools and the growing demand for ESG factors in investment decision making. In addition, 33 companies met with more than 80 investors in

one-to-one and group meetings discussing their long-term sustainability plans. This event was again endorsed by the UN Sustainable Stock Exchange Initiative and this year was also supported by The UN Global Compact, The UN Principles for Responsible Investments and Italian Forum for Sustainable Finance.

# Our Services

## Enabling informed investment decisions and transparent markets operations

The Group supports informed and sustainable investment decisions by providing global and multi-asset class indices, analytics and data solutions across the financial markets value chain. This is supported by our philosophies of customer partnership and Open Access that underpin all our operations.

### HIGHLIGHTS

- LSEG acquired Beyond Ratings, a specialist ESG research company that specialises in fixed income and government bond ESG solutions
- FTSE Russell launched Climate Adjusted World Government Bond Index (Climate WGBI)
- FTSE Russell launched FTSE Custom Developed Ex Korea SDG Aligned Net Tax (DSDG) Index
- In early 2020, FTSE Russell launched the FTSE TPI Climate Transition Index in collaboration with TPI and the Church of England Pensions Board

€5.8 billion

Commitment to tracking FTSE Custom Developed Ex Korea SDG Aligned Net Tax (DSDG) Index

“Sustainable investment is now a key consideration for investors globally. In particular, the financial implications of climate change are now regularly assessed as part of core investment processes. The Sustainable Development Goals are also becoming more important for investors”

**Waqas Samad**

Group Director, Information Services

### Impact Areas:

Disclose | Grow | Transition

### Sustainable Development Goals:



### Further information

Our activities under Our Markets and Our Services pillars are integrated with our operational activities. Details on these initiatives can be found in our Annual Report as identified by the following symbols:

Our Markets 

Our Services 

## Our Services continued

### FTSE Russell

#### Disclose Transition

Acquisition of Beyond Ratings

In June 2019, LSEG acquired Beyond Ratings, a specialist ESG research company that specialises in fixed income. This acquisition complements FTSE Russell's existing ESG index and data offering as well as the analytics tools

provided through The Yield Book. This will enable FTSE Russell to further develop its multi-asset index solutions, utilising Beyond Ratings' sustainability data, risk models and ESG research expertise.

Transition Pathway Initiative

FTSE Russell's partnership with the Transition Pathway Initiative (TPI), an asset owner-led initiative that assesses how companies are preparing for the transition to a low-carbon economy, continued throughout 2019. This included provision of FTSE Russell climate data, that is fully aligned with the recommendations of the Taskforce of the Climate-related Financial Disclosure (TCFD) and provided the basis for TPI's evaluation of companies' management of greenhouse gas emissions and low-carbon transition efforts.

In 2019, FTSE Russell also hosted the TPI Summit, which saw the launch of the annual State of Transition Report. Following TPI's selection as data provider for Climate Action 100+, an initiative backed by investors representing \$35 trillion in assets, FTSE Russell's data is now being used to focus investor engagement with 'systemically significant emitters' and companies well placed to drive the low-carbon energy transition.



TPI Summit 2019

Smart Sustainability

2019 marked the sixth annual FTSE Russell global institutional Smart Beta Survey report and the first year that the ESG focused responses were used to create a separate report on Smart Sustainability.

The findings demonstrated that there is continued strong interest in applying Smart Sustainability factors into investment strategies, with 83% of European asset owners reporting that their organisation is currently implementing or evaluating ESG considerations in their investment strategy. The main rationale provided by asset owners for ESG integration into smart beta mandates was to address long-term risk management.

# 83%

of European asset owners reported that their organisation is currently implementing or evaluating ESG considerations in their investment strategy

## Our Services continued

### Sustainable Investment Indices

#### Transition

The FTSE Climate Risk-Adjusted World Government Bond Index (Climate WGBI)

FTSE Russell worked with Beyond Ratings to develop the Climate WGBI, the first government bond index to adjust index weights based on each country's preparedness and resilience to climate change risk. This index is derived from the FTSE WGBI, a widely used benchmark of investment-grade sovereign bonds of 22 developed economies and uses

proprietary quantitative climate risk models developed by Beyond Ratings, which was acquired by the Group in 2019. The aim of the index is to allow sovereign debt investors to incorporate climate change risk considerations into their portfolios and assist in enabling the economic transition to a low-carbon economy.

S

FTSE Custom SDG Aligned Index

In 2019, FTSE Russell launched a new index, the FTSE Custom Developed Ex Korea SDG Aligned Index. This was developed following close collaboration between FTSE Russell, Pensioenfonds Detailhandel and BlackRock, and has been designed to align a broad market equity benchmark

with aspects of the UN's SDGs. This index was selected as the basis of a new €5.8 billion developed market passive equity fund managed by BlackRock on behalf of Pensioenfonds Detailhandel.

S



Pensioenfonds Detailhandel opens the market in London

FTSE All-World Climate Balanced Comprehensive Factor Index

LGPS Central established its new All-World Equity Climate Multi Factor Fund, bringing together an initial £2.1 billion of AUM from The Cheshire and West Midlands Pension Funds. The fund tracks the FTSE All-World Climate Balanced

Comprehensive Factor Index, which incorporates three key climate change considerations: carbon emissions, fossil fuel reserves and green revenues.

S



LGPS open the market in London

Green Real Estate Index Series

The FTSE EPRA Nareit Green Index Series allows investors to integrate climate risk into their investment strategies in listed real estate, an asset class that historically has lacked such tools. The indices are based on asset-level, building-by-building aggregated data to provide a climate assessment for each real estate investment trust.

In 2019, BNP Paribas Asset Management became the first to license the FTSE EPRA Nareit Developed Europe ex United Kingdom Green Index for an ETF.

## Our Services continued

### Sustainable Investment Indices

#### Transition

ESG Ratings and data model

Since FTSE Russell launched its ESG Ratings and data model, it has been used by a range of companies and investors to help measure and improve ESG practices. In 2019, the first ESG-focused ETF to be listed on the Taiwan Stock Exchange

(TWSE) was launched based on the FTSE4Good TIP Taiwan ESG index, which uses The FTSE Russell ESG Ratings and data model methodology. This followed the adoption of the index by the Taiwan Bureau of Labour pension fund in 2018.

FTSE UK 100 ESG Select Index

In 2019, FTSE Russell launched the FTSE UK 100 ESG Select Index, measuring the performance of the top 100 companies demonstrating strong ESG practices within the FTSE All-Share Index. This was developed as a response to

the growing global demand to incorporate ESG factors as a core part of investment and stewardship approaches and was selected by HSBC as the underlying benchmark for a series of new ESG-related structured products.

5

### New York Climate Week Convene

Climate Finance & Investment Summit

As part of New York Climate Week in September 2019, LSEG hosted the Climate Finance & Investment Summit, a unique opportunity for investors to hear from senior leaders of some of the largest asset owners in the world. It also included leading experts and practitioners on the challenges of addressing climate change for institutional investors such as

the Controller for the state of New York and the CEO of the Japanese pension fund GLIF. The event topics included, 'addressing climate change beyond equities: credit risk and fixed income portfolios' and 'creating a holistic, long-term approach to climate risk: stewardship and engagement'.

### LSEG Academy Grow

LSEG Academy

As part of its continued work in support of emerging markets, LSEG Academy, the training centre of London Stock Exchange Group, has expanded the reach and scope of its programmes in 2019.

With the aim to embed ESG content in its emerging markets support programme, in October 2019, the Academy ran a five-day bespoke programme on Effective Corporate Governance and ESG Practices to senior representatives from the Ministry of Petroleum, and oil and gas corporates in Kenya. The programme provided a view on how to design effective governance frameworks and improve their ESG practices, in order to attract international capital markets funding.

The Academy also ran a training programme and issued a report on Indian Smart Cities, in collaboration with PwC for the Ministry of Housing and Urban Affairs, as well as continuing its work with Tadawul senior management and Saudi Capital Market Authorities to provide training on world-leading capital market practices particularly on equity primary markets, regulations, surveillance and corporate governance.

# Our People

Developing our diverse and global talent to fulfil their potential

The engagement of colleagues is central to our organisation. We rely on their skills and experience to deliver on Group strategy and create a culture that ensures we can attract, retain and develop the best talent.

## Highlights

- LSEG launched its 'Inclusion Network' (IN)
- Launch of Group Culture Dashboard reporting to Group Executive Committee and Board
- First spring week programme for Science Technology Engineering and Maths (STEM) students
- All Managing Directors received 360° feedback and development programmes

137%

share price appreciation for employees' Sharesave maturities

“We continue to foster a culture that reflects our values of partnership, innovation, integrity and excellence to enable Group-wide collaboration and support the successful execution of our strategy”

**Tim Jones**

Group Head of Human Resources

## Impact Areas:

Develop

## Sustainable Development Goals:



# Our People continued

## Our Culture

### Develop

#### Evolution of Our Culture

Culture continues to be a key strategic focus for the Group. We aim to develop and embed a unified culture across our businesses, supporting our vision: 'To become the leading global financial markets infrastructure group'. During the year, the CEO and Executive Committee (ExCo) continued the development of a culture of collaboration, innovation, feedback, learning and inclusion.

An action plan to support this includes:

- Working with Managing Directors (MDs) across the Group to embed new ways of working, with performance objectives further developed to support the delivery of the Group's strategic objectives
- Making behaviour a key factor in performance assessment and using insights from 360° feedback to strengthen development reviews and plans
- Creating an environment of continuous learning and development for all employees through the Futures career framework to encourage and support individual growth and career development

These actions are supported by a strong set of values that apply to all parts of the Group:

- **Integrity** (my word is my bond): Underpins all that we do – from our commitment to building and supporting global markets based on transparency and trust to every transaction across our business with each stakeholder
- **Partnership** (we collaborate to succeed): We pride ourselves on working together as proactive partners, building positive relationships with our colleagues, customers, investors, regulators, governments and shareholders, for our mutual success and the benefit of all
- **Innovation** (we nurture new ideas): We are ambitious and forward-looking market innovators, driven by fresh thinking that has kept us ahead of change. We invest to make sure that our markets and services are constantly developing and evolving with advances in technology
- **Excellence** (we are committed to quality): We are committed to developing talented teams who deliver to the highest standards in all that we do. By collaborating, we will sustain industry-leading levels of excellence

Our values are, in turn, supported by LSEG Behaviours which are embedded into everything we do:

- **Focusing on Results:** We pursue business goals, take accountability and drive success
- **Using Commercial Judgement:** We know the business, think globally and apply a commercial mindset
- **Creating Value:** We identify opportunities and innovate to create sustainable value for LSEG and its customers
- **Leading Change:** We manage change, provide the context for change and show adaptability
- **Building Effective Relationships:** We understand and address stakeholder needs, collaborate with and influence others
- **Developing Talent:** We develop ourselves and others and build high performance teams

The introduction of the LSEG Behaviours as part of the Futures career framework provides us with a strong foundation on which to build. We are better able to articulate what we expect from individuals at every career stage in terms of skills, knowledge and behaviours.

#### Group Culture Dashboard

In 2019 we developed a Culture Dashboard to measure and assess our culture and ensure full alignment to the Group's values and behaviours. The Dashboard provides our Board and ExCo with a quantitative way to measure and assess progress over time, using data gathered from our 'Have Your Say' employee engagement survey and other sources. The Dashboard focuses on five key areas:

- **Recruitment & On-Boarding:** We recruit individuals with the right skills, behaviours and mindset to support our strategy today and in the future
- **Performance & Development:** We set individual goals that are aligned with enterprise wide objectives and supported by a strong organisational learning culture
- **Talent & Mobility:** We identify, nurture, and retain talent, leveraging internal mobility to provide the right talent, in the right role, at the right time
- **Diversity & Inclusion:** We encourage an inclusive environment, where diverse perspectives are welcomed, and all colleagues can be their best selves at work
- **Leavers:** We use the insights from our leavers to improve future recruitment and reduce turnover

The table below shows our performance against one of the indicators from each area from the Group Culture Dashboard:

Focus area	Indicator	2019	2018	2017
<b>Recruitment &amp; On-Boarding</b>	% of new joiners who understand LSEG's values	99%	97%	NA <sup>1</sup>
<b>Performance &amp; Development</b>	Hours spent on training	74,770	63,150	41,675
<b>Talent &amp; Mobility</b>	% of roles filled internally	25%	23%	14%
<b>Diversity &amp; Inclusion</b>	% of respondents that agree people from all backgrounds feel welcome	84%	81%	N/A <sup>1</sup>
<b>Leavers</b>	% of leavers that cited work-life balance as primary reason for leaving	7%	5%	N/A <sup>1</sup>

1. Survey data from 2017 not available

# Our People continued

## Attracting the best talent

### Develop

#### Recruitment

Attracting, developing and retaining the right skills, behaviours and diversity of talent is a key focus for the Group.

To ensure we employ people who are not only highly skilled technically but also demonstrate the right values and behaviours, we created and implemented an interactive

interview tool kit and introduced training to help hiring managers assess candidates against the full range of our expectations.

#### Graduate and Early Careers Programmes

Our Graduate and Early Career Programmes continue to help fuel our growth and diversification. We have 39 graduates on programmes globally, and this year hosted over 150 internships across six locations, with Early Careers Programmes implemented in Taipei, Hong Kong and Romania for the first time. Gender diversity was a focus of pipeline development at this level too: throughout 2019 we held events to encourage women into finance and technology, resulting in 54% female representation across the global graduate class.

We have continued to focus on improving the experience for the Group's graduates with the introduction of a new 'LSEG Connect' mobile app for our Early Career Programmes. This provides an interactive and informative way of connecting prior to and during programmes.

In 2019 we also ran our first Spring Week programme for first-year students studying STEM (science, technology, engineering and mathematics) subjects to encourage broader engagement earlier in the pipeline of recruitment; and this is being expanded in 2020. Additionally, we celebrated National Intern Day with the global graduate class to recognise the contributions and new perspectives our interns bring to the workplace while developing professionally and building networks for their future careers.

Our graduate programmes provide structured learning and professional development opportunities through traditional classroom training, mobile learning, networking opportunities, on-the-job experience and formal industry qualifications.



LSEG celebrates national intern day 2019

## Supporting our people in their careers

### Develop

#### Developing our people

The most recent employee engagement survey results confirm that career progression and access to training and development are still significant drivers of engagement.

The global Career Framework provides:

- Colleagues with an opportunity to develop their careers and grow their skills by being able to view roles across our organisation, as well as the skills, experience and behaviours associated with that role
- Managers with the framework to enhance development conversations, assess performance and think about talent and succession to improve internal mobility
- The organisation with the ability to manage costs and create effective structures, to grow strategic capabilities and develop talent pipelines

Recognising the importance of developing a strong pipeline of internal talent, we increased our focus on supporting internal mobility and improving our succession planning in 2019, with 25% of roles filled by existing employees.

# 25%

of roles filled internally in 2019

# Our People continued

## Supporting our people in their careers

### Develop

Learning and Development

Aligned to our career framework structure, we launched a number of online programmes, to assist development globally. All colleagues have access to LinkedIn Learning and Intuition Knowhow – leading libraries of online learning that, through Workday Learning, enable learning at any time.

Over 3,300 hours of training were accessed in the first three months following the launch. In addition, we continued to invest in development of technical and professional skills across a range of areas.

Mentoring

Our Mentor Exchange programme enables participation in structured mentoring relationships and since its launch in 2016 we have supported over 1,100 colleagues. In 2019 we introduced Mentor Exchange Connect, a global virtual mentor exchange, to enable greater connectivity across our

worldwide business locations and to encourage further Group-wide collaboration and in 2019, we supported more than 300 mentoring partnerships across 10 countries.

**300+**  
mentoring partnerships were supported in 2019

Investing in our leaders

Developing our culture requires a significant shift in how we manage and lead our business. We have supported the development of both leadership and management capabilities and continue to invest in these skills in order to strengthen our succession pipeline and collective Group leadership.

In 2019, we made an investment in our MD population, with all MDs participating in a 360° feedback process around their

leadership capabilities. Based on questionnaire results and qualitative feedback from their peers and teams, sourced through a network of executive coaches, each MD received a personalised report detailing their strengths and areas for development. As a result of this process, every MD now has a plan for their ongoing development which they will review regularly, and bespoke development programmes will be rolled out in 2020.

We have also invested in our Line Manager capability with our first global management development programme. During 2019 over half of our line managers attended the programme, which enhances managers' ability to coach, develop and delegate effectively. Cohorts are drawn from across our business divisions to maximise the opportunity to aid collaboration.

## Engaging our people

### Develop

Employee Engagement

Employee engagement includes an annual engagement survey; a colleague forum which is led and attended by elected volunteers from our workforce; townhalls and ExCo breakfasts which are open to all employees and held regularly throughout the year; and an Employee-Board consultation process which was launched in London in 2019.

The engagement survey enables colleagues to share their views on what it is like to work for LSEG and provides a clear indicator of employee engagement. The overall response rate of 84% in 2019 was our highest to date.

The Engagement Index score of 81%, up six points from 2018, provides strong evidence that our colleagues care about the future of the Group and take pride in the organisation as a place of work<sup>1</sup>. Colleagues reported that their perceptions of leaders had been positive over the year, driven by a belief that the Group was well led and that senior leaders provided clear

direction<sup>2</sup>. Equally, colleagues reported confidence in managers, reflecting our strong focus this year on supporting career development as well as improvements in the way we manage performance and give feedback<sup>3</sup>.

Our 2019 survey also showed that LSEG colleagues from all backgrounds feel welcome, supported and able to be themselves at work, as well as being able to strike a good work/home life balance. This gives us confidence that our continued efforts to foster greater diversity and inclusion have been well received so far<sup>4</sup>.

Our Employee-Board consultation process involves direct discussions between employee-nominated representatives and members of our Board, focusing on specific issues of interest to colleagues. In 2020, we will roll this out across further locations.

The feedback provided has helped to shape our engagement efforts and will provide us with four areas of focus in 2020: reinforce and clarify our purpose and vision for our colleagues; deliver our MD programme and continue to embed and build our Manager Excellence programme; seek further ways to build collaboration and ways of working; and, continue to embed processes to support colleagues' career development.

1. "I care about the future of the Group" (94%) and "I am proud to say I work here" (90%)
2. "I believe the Group is well led" (70%) and "Senior leaders provide a clear vision of the overall direction of the Group" (61%)
3. Manager Index 70%, up 7pts from 2018 and +3pts on Global average
4. "People in my work area are welcoming and open-minded" (82%) and "People from all backgrounds are made to feel welcome here" (84%) and "I am able to strike the right balance between my work and home life" (70%)

# Our People continued

## Diversity and Inclusion

### Develop

#### Diversity and Inclusion

We recognise that fostering a culture of inclusion empowers our people to express their best selves and creates an environment in which all opinions and ideas can be heard, allowing us to work more effectively together across the organisation and strengthen Group-wide collaboration and innovation. Colleagues are recruited and helped to develop their careers regardless of age, gender, nationality, culture or personal characteristics.

The Diversity and Inclusion (D&I) Committee is chaired by our Chief Risk Officer and meets quarterly to review strategy and progress. In 2019, we launched our global Inclusion Network (IN) to act as an umbrella network for groups including our Black Employee Inspired Network Group (BEING), LGBTQ+ network, Parents network, disability

network (Ability) and our Women Inspired Network (WIN). Each network in every region will have a representative on IN, and representatives will meet quarterly.

In 2019, we ran an Inclusion Week, during which the Group took the opportunity to celebrate all aspects of diversity. Events ranged from panel sessions in Italy, London and Tokyo, to interactive sessions in Sri Lanka and multicultural days in Kuching. We also organised networking sessions, Parent and Carer workshops and a global webinar promoting flexible working. To drive greater awareness of the diversity amongst colleagues, we marked Black History month with speakers and events, sponsored Pride London and celebrated several festivals and events of significance to our colleagues, such as Eid, Diwali and Hanukkah.



Launch of global Inclusion Network (IN)

#### Gender diversity

The Group was an early signatory of HM Treasury's Women in Finance Charter in the UK, and we set ourselves a stretch target of reaching 40% female representation in our senior leadership population by the end of 2020. We have made good progress and are committed to working towards this target. In terms of female representation at Board level, the Hampton-Alexander report recognised the Group for making significant improvements that have led to women comprising 31% of our Board.

In 2019 we refreshed our manager interview skills training to create a more inclusive hiring process and introduced new technology that facilitates the review of job descriptions and promotes the use of gender-neutral language in our recruitment advertising. We have also promoted initiatives to identify and develop female talent including working with the 30% Club mentoring scheme and supporting the continued global expansion of WIN. These initiatives resulted in the proportion of female candidates hired externally rising from 37% in 2018 to 38% in 2019. At senior manager level this proportion was 41%.

	2019		2018	
	Female	Male	Female	Male
<b>LSEG plc Board</b>	4	9	3	10
<b>LSEG Subsidiary Boards<sup>1,3</sup></b>	31	132	22	116
<b>ExCo and Leadership Teams<sup>2,3</sup></b>	140	291	134	295
<b>All other colleagues<sup>4</sup></b>	1,577	2,957	1,435	2,723
<b>Total</b>	<b>1,717</b>	<b>3,248</b>	1,569	3,018

1. Mix of employees and Non-Executive Directors
2. Executive Committee and Leadership Teams in LSEG
3. The LSEG Subsidiary Board members and the members of the Executive Committee and Leadership Teams together comprise the 'Senior Managers' for the purposes of section 414C(8) (c)(ii) of the Companies Act 2006
4. Total comprises ExCo and Leadership Teams and All other colleagues

Note: Figures as of year ended 31 December 2019.

#### Gender Pay Gap Report

At LSEG, we conduct equal pay analysis as part of our annual pay review process and are confident that we do not differentiate pay between men and women who perform equivalent roles. We have a Group-wide reward framework, which establishes the compensation structure, elements and leverage for each stage in our career framework. This is used to review any potential gender bias as part of our annual pay

review process. However, we acknowledge that we do have a gender pay gap, due to the unequal distribution of men and women across the company. We go beyond UK statutory disclosure requirements to increase transparency, provide a more accurate picture of our gender pay gap and establish a more meaningful baseline against which to track progress. Our 2019 global gender pay gap mean stood at 23% and

median 10% in 2019. The biggest factor behind our gender pay gap continues to be the fact that there are fewer women in senior positions. A report on gender pay gap was published in March. This report can be found here: [www.lseg.com/about-london-stock-exchange-group/corporate-sustainability](http://www.lseg.com/about-london-stock-exchange-group/corporate-sustainability)

# Our People continued

## Diversity and Inclusion

### Develop

Armed Forces Covenant

LSEG signed the Armed Forces covenant in 2017, an assurance that those who serve or served in the armed forces, and their families, will be treated fairly and not disadvantaged. In 2019 LSEG sponsored the Entrepreneur category and was part of the judging panel for the Soldering on Awards.

In July 2019 LSEG were proud to host the Cadets Enterprise conference and certification for Army cadets who completed the Enterprise For life Army Cadets Forces course to help the young entrepreneurs take their first steps by giving guidance and practical support.

In the past five years XFE has supported over 1,250 community members in starting and building their own businesses, and run training, events and mentoring programmes. In addition, LSEG sponsored the Christmas Carol Concert at St Columba's Church in aid of Supporting Wounded Veterans, and took part in the annual Poppy Appeal organised by the Royal British Legion with donations matched by LSEG Foundation.

## Reward

### Develop

Rewarding our people

LSEG's reward strategy focuses both on the short term, through an annual bonus scheme linked to our global performance management approach, and on the medium term through share schemes aimed at senior management and the wider workforce. The Long-Term Incentive Plan, details of which can be found on page 108 of our Annual Report, aligns the performance and reward of senior management with the Group's ongoing performance and growth.

Sharesave, our principal employee share ownership scheme, is available to all permanent employees across France, Hong Kong, Italy, Malaysia, Sri Lanka, the UK and the US. Colleagues can save up to £500 or equivalent per month, with the option after three years of using their accumulated

savings to buy LSEG shares at a discounted price. In 2019 we also launched SharePurchase to permanent employees in Australia and Romania. Under this plan, colleagues can purchase up to £500 per month of LSEG shares and are awarded additional shares which vest after the completion of a three-year plan cycle.

During 2019, almost 600 employees across six countries benefited from Sharesave maturities including share price appreciation of 137%, reflecting the Group's performance over the previous three years. Participation was extended further, with almost 1,100 employees joining the 2019 scheme, increasing overall participation to over 59% of eligible employees.

We endeavour to develop a remuneration policy that is aligned to good market practice and corporate governance developments and which continues to promote the long-term success and cultural agenda of the Group; both for LSEG as a standalone company and in the event that the proposed transaction of Refinitiv completes. The Remuneration Committee continues to place great importance on ensuring that there is a clear link between pay and performance, including a focus on culture, adherence to the Group's risk framework, and that our remuneration outcomes are reflective of this wider context. More information on our Remuneration policy can be found on pages 98–128 of our Annual Report.

## Supporting our people's wellbeing

### Develop

Wellbeing

LSEG's Wellbeing strategy is designed to provide a dedicated framework of awareness and support centred around five pillars: Emotional, Physical and Financial Wellbeing, Workplace Choice and Social Purpose. This has enabled us to

further develop a collaborative and supportive environment for all colleagues, as recognised in the 'Have Your Say' survey which recorded a Wellbeing Index four points higher than the global average.

We work with a range of strategic partners who provide advice and help to strengthen our Wellbeing framework, to ensure we are offering our colleagues the best support, tools and services.

Emotional Wellbeing

Throughout 2019 we worked with Mindfulness at Work, to run sessions on mindfulness for colleagues globally, while in London we aligned with the Green Ribbon Campaign which aims to help end the stigma around mental health.

We have also rolled out our Global Employee Assistance Plan to extend support for all colleagues across the Group and ensure they have access to the resources they need.

Physical Wellbeing

We introduced seven new Active sports clubs in 2019 and hosted various events including interactive seminars on nutrition, desk yoga and stress management to help colleagues gain a better understanding of their physical health.

# Our People continued

## Supporting our people's wellbeing

### Develop

#### Financial Wellbeing

Across the Group we hosted Financial Wellbeing seminars and workshops targeted at different life stages and covering a range of topics, from student loan repayments to pensions advice.

#### Social Purpose

We are committed to giving back to our local communities and offer a number of ways for our people to do this, such as offering employees two paid volunteering days each year and running charitable events through the LSEG Foundation.

More information about our work in this area can be found in the Our Communities section of this report.

#### Workplace Choice

We understand that striking the right work-life balance is essential for the wellbeing of our people; and we recognised from the results of our engagement survey in 2018 that this was an area where we needed to do more.

In 2019, through our Workplace Choice programme for example, we made progress in promoting our flexible working policy across the Group. We hope to foster an environment in which colleagues can feel able to leverage the policy easily if required.

## Health and Safety

### Develop

#### Health and Safety

In 2019 we have extended the electronic workstation assessment system to cover our Sri Lanka sites, as well as our smaller Edinburgh office. We have plans to roll this system out further in 2020.

In terms of contractor management within our Property team we have rolled out an electronic permit to work system to our UK office sites giving us greater scope to manage and monitor contractor works on site. Further work in 2020 will look to broaden usage of the system to other departments.

In Italy, ISO 45001:2018 accreditation was successfully achieved for our Milan offices for four of our businesses and in 2020 there are plans to achieve this ISO accreditation for all entities at our Milan offices.

We completed a tender process for health, safety and environmental support with a new contract in place for the next three years, and including additional embedded resources, which reflect the growing nature of business.

In 2020 we will be conducting a global audit across all office sites to measure compliance with the Group Health and Safety Framework. We also aim to undertake a project to evaluate electronic systems that would allow for monitoring of global health and safety compliance, as well as incident and near miss reporting via a cloud-based system. This aims to enhance our ability to measure, maintain and monitor health and safety globally.

## Our People in Numbers

### Develop

#### The Changing Employee Landscape

On 31 December 2019, the Group employed 4,981 employees, up 9% from the end of the previous reporting period, mainly due to the expansion of our Business Service centres in Romania and Sri Lanka to support our growing global business. During the year we also acquired Beyond Ratings. On an organic basis, we can report on the following KPIs:

Employee-based indicators	2019	2018	2017
New Hires	1,194	978	1,228
Voluntary Turnover	10.5%	11.0%	9.5%
Permanent contracts	98%	98%	97%
Fixed term contracts	2%	2%	3%

# Our People continued

## Women Inspired Network (WIN)

### Develop

LSEG's Women Inspired Network (WIN), now in its fourth year, continues to nurture female talent at all levels across our offices in Asia, Canada, France, Italy, Malaysia, Sri Lanka, the UK and US. WIN is composed of three pillars, Winning Communities, Winning Networks and Winning People. Local sub-committees of active volunteers organise initiatives across the three pillars and connects the network globally to ensure LSEG remains an employer of choice for women and men.

### WIN Pillars

#### Winning Communities

We aim to inspire female leaders of the future. WIN has worked with local groups across the world such as Blue Engine Teaching Apprentices (BETA) in New York and Italy's Young WINners program. We have also run events such as breakfast sessions to educate female students about the variety of roles available within the Group and give them a chance to meet colleagues in these roles.



#### Winning Networks

We aim to build relationships with other diversity networks and increase networking opportunities for WIN members, for example, through events like our client networking event in partnership with ELITE hosted in London in 2019.



#### Winning People

We aim to nurture talent within the business and provide all employees with the best chance of succeeding in their career through relevant events, such as WIN UK running workshops to help people get the most out of their end of year evaluations and their personal development discussions.



#### WIN Americas

Hosted their second WIN Week in 2019. The focus was on professional development and championing inclusion with workshops on combatting imposter syndrome, celebrations for International Men's Day and highlighting other diversity networks across the Group.

#### WIN France

Hosted a series of coaching sessions across the year for its members including workshops on self-confidence and public speaking. They also ran sessions with high school students in partnership with Crée Ton Avenir to discuss their careers and inspire young women.

#### WIN Italy

In collaboration with LSEG Academy in 2019 have made 10 seats in the Corporate Finance and Financial Markets training programme available to people temporarily unemployed, providing an opportunity for them to upgrade their skill set and foster their network to help reposition themselves in the workforce. WIN Italy, in collaboration with the UK Embassy in Italy and Freshfields hosted the second Italian Women in Finance Awards. The initiative aims to celebrate female talent and diversity in the finance industry in Italy.

#### WIN Malaysia

Celebrated its first anniversary in December and throughout its first year put on speaker series with senior management on topics around professional and personal development as well as running awareness campaigns for Breast Cancer awareness.

#### WIN Sri Lanka

Following a successful launch in 2018, WIN Sri Lanka expanded its membership in 2019 and ran a number of events ranging from sessions on networking and achieving a good work-life balance to practical lessons teaching basic self-defence techniques.

#### WIN UK

In March we welcomed State Street Global Advisors to open the London market and unveil the Fearless Girl statue in Paternoster Square. Fearless Girl is the now iconic statue that was first unveiled in New York in 2017. It was commissioned by State Street Global Advisors to raise awareness about the importance of gender diversity in corporate leadership and on boards. To celebrate International Women's Day and the arrival of the Fearless Girl to London, employees were asked to nominate a female colleague who they thought demonstrated the spirit of the Fearless Girl.



# Our Communities

Empowering people,  
enriching communities

As our global presence grows, we monitor our impact on the communities around us and how it aligns with our strategy and values. We aim to promote sustainable practices and support local communities and the environment where we have a significant business presence.

## Highlights

- LSEG Foundation donated £1.4 million to charities in 2019
- Launched volunteering initiative for SMEs in partnership with Centre for Entrepreneurs as part of their NEF Fast Track programme
- LSEG Foundation Challenge launched in October 2019
- Lindenfeld Association Ajungem Mari chosen as Romania charity partner

20%

of our global workforce volunteered in 2019

“As our global footprint continues to grow, we must continue to engage with the increasing number of communities where we operate, supporting them through our volunteering and other charitable initiatives”

**Diane Côté**  
Chief Risk Officer

## Impact Areas:

Sustain

## Sustainable Development Goals:



# Our Communities continued

## LSEG Foundation Sustain

LSEG Foundation

LSEG Foundation was established in 2010 to be the single channel for the Group's charitable giving and a focal point for staff engagement with charities. Its core mission is to empower people and enrich communities. More information on the Foundation's strategy can be found on page 33.

The Foundation focuses on projects that help young and disadvantaged people reach their full potential by developing life skills and business acumen. Additionally, as our global presence grows, we continue to engage and give back to the communities we operate in. Partnering with local charities allows LSEG Foundation to have a long-lasting impact.

We recognise the importance of volunteering and encourage employees to take their two paid volunteering days each year. Charitable fundraising can also be increased through the matched funding scheme enabling us to make an even larger impact. This year we introduced a range of initiatives to encourage employees to give back which were then

celebrated on Foundation Day, which showcases the work of the Foundation and its partner charities globally and in 2019, raised over £700,000 for charity, by donating a day's equivalent of all equity trading fees raised on London Stock Exchange, Turquoise and Borsa Italiana.

### New initiatives:

The LSEG Foundation Challenge took place from 1 September to 31 October 2019 and saw colleagues compete in two areas, the Regional Challenge, which measured the proportion of volunteering hours donated by staff in each region and the Most Innovative Challenge, where volunteering initiatives from across the Group were evaluated by regional charity chairs and the LSEG Foundation Board against three criteria: innovation, collaboration and impact.

The Regional Challenge saw over 2,400 volunteering hours donated by more than 400 LSEG staff during the two-month period, with Malaysia the winning region, receiving an

additional grant to support their chosen charity in 2020. The Most Innovative Challenge was won by a team in Romania for running eco workshops for orphaned children, the team also won an additional grant for their chosen charity.

This year we also launched a volunteering initiative in partnership with the Centre for Entrepreneurs the UK's leading entrepreneurship foundation, as part of their NEF (New Entrepreneur's Foundation) Fast Track programme. This programme, in collaboration with LSEG, enabled five young entrepreneurs from diverse backgrounds in the UK to benefit from business coaching and mentoring. They then had the opportunity to present a business pitch to a panel and two of these entrepreneurs won places on our ELITE platform to support the future growth of their businesses.

## Partner Charities Sustain

Global Partner - UNICEF

Building on a long-standing partnership between UNICEF and FTSE Russell, part of LSEG's Information Services division, LSEG Foundation appointed UNICEF as its global charity partner in 2015. A key project between LSEG and UNICEF is *Zambian Girls 2030*, in alignment with our diversity and inclusion strategy, which aims to equip more than 11,000 Zambian girls with employability skills and help them access

formal employment. This project enables girls to realise their potential through mentoring, entrepreneurship and financial literacy training. This year LSEG staff from the Foundation board had the opportunity to visit Zambia and see the impact of our support, which to date has supported almost 15,000 students overall to participate in career development activities.

LSEG also contributes to the UNICEF UK Children's Emergency Fund and is involved in different volunteering initiatives such as the Water Walk Challenge.

UK Partner – School-Home Support

School-Home Support (SHS) provides support to families and children that face barriers to education and improve engagement in learning and attendance. The charity's frontline staff are based in primary and secondary schools, where they work to help overcome the damaging effects on children such as poor housing and domestic violence.

During 2019, LSEG's donations, fundraising and volunteering have enabled SHS to run group sessions for children and parents on a variety of issues such as healthy eating, financial management and parent employment workshops. LSEG volunteers helped run sessions for over 300 children, while LSEG Active members raised over £7,700 through cake sales and sponsorship.



SHS students at the Foundation Day market open in 2019

# Our Communities continued

## Partner Charities Sustain

US Partner –  
City Harvest

City Harvest, New York City's largest food rescue organisation, helps to feed the more than 1.2 million New Yorkers who are struggling to put meals on their tables. In 2019 New York City colleagues took part in City Harvest's Greenmarket Rescue, an event to redirect leftover food from the Union Square Greenmarket to local food pantries. In total, our volunteers salvaged just over 9,550 lbs of food, which was then delivered to a food pantry in Coney Island.

Staff also participated in City Harvest's annual Repack to Give Back event. LSEG volunteers packed 588 boxes of Thanksgiving food that was distributed to 2,300 people over the holiday season.



LSEG staff pack boxes of food for City Harvest

France Partner –  
Crée Ton Avenir

Crée Ton Avenir focuses on reducing the impact of disadvantaged backgrounds on students' education and future careers, with 2019 the first year of LSEG's partnership with the charity. In December 2019, LSEG volunteers in

collaboration with WIN France ran a session on career aspirations for a group of young women from three of Crée Ton Avenir's partner schools. Colleagues in France took part in a team and technology focused activity, where they

worked with students to install hard-drives and clean up operating systems. This educated students as well as encourages sustainability by recycling old equipment.

Italy Partner –  
Associazione  
CAF Onlus

CAF Onlus, a charity that provides support and aid for abused minors and distressed families, started as LSEG's new Italy Charity Partner in May 2019.

Volunteers from LSEG ran sessions with CAF Onlus to educate residents on CV and interview technique and helped with routine maintenance of the residential buildings.

Romania Partner –  
Lindenfeld Association  
Ajungem Mari

Through our first partnership in Romania, 'Happy Place to Grow Great – Educational Centre', Ajungem Mari aims to create an educational centre for institutionalised children from Bucharest, a place where they can feel free, encouraged

and supported to develop their skills and discover new ideas for their futures. Through this project there has been regular manufacturing, science and computer skills workshops organised by LSEG volunteers working with an educational

specialist. In 2019, these volunteers also carried out a range of other activities including organising picnics, games, workshops and IT classes.

## Regional Charitable Giving and Volunteering Sustain

UK  
Charity Touch Rugby  
Tournament

LSEG organised the fifth annual touch rugby tournament in 2019 in partnership with the Harlequins Foundation, a charity that aims to use the power of sport to create opportunities for young people in local communities.

This year the tournament raised £40,000 and involved eight teams from across the City of London. Since the tournament's inception in 2015 almost £200,000 has been raised for the Harlequins Foundation and LSEG partner charities.

Movember and  
The Eve Appeal

LSEG took part in the annual Movember campaign, which raises vital funds and awareness to help tackle the biggest issues in men's health. In seeking to make the campaign more inclusive we ran this alongside The Eve Appeal, a leading UK charity focusing on the funding, research and

awareness of gynaecological cancers. Fundraising activities took place across our regions including our launch event, where ambassadors shared some of their personal experiences, a Lunch and Learn awareness session and the annual Movember dodgeball tournament.



Team LSEG at Movember dodgeball tournament

## Our Communities continued

### Regional Charitable Giving and Volunteering

#### Sustain

#### US

Pilgrims' Inn

Pilgrims' Inn assists members of the local community who are homeless or at risk of homelessness through housing solutions, emergency assistance, childcare and job readiness support. In partnership with WIN Americas, colleagues in Fort

Mill took part in a team-based, competitive donation drive. Fort Mill colleagues were assigned teams and a list of items needed by Pilgrims' Inn. The result was plenty of friendly team rivalry, and importantly, overflowing donation bins.



Pilgrims' Inn competitive donation drive

#### Italy

ADMO –  
Bone Marrow Donors  
Association Milan

In September, LSEG colleagues participated in the Associazione Donatori di Midollo Osseo (ADMO) Donor Day and attended talks about the importance of bone marrow

donation. Colleagues also took part in a Midnight Jazz Festival which gave a platform for both ADMO and Associazione CAF Onlus to raise awareness of their work with the public.

#### France

New Uses for Old Screens

Colleagues in France thought up an innovative way to help both the environment, and a range of charities, by saving over 200 retired desktop screens from being sent to landfill. The screens were cleaned and carefully packed by LSEG

volunteers and given to a number of charities, including France's partner charity Crée Ton Avenir, to be distributed to children from disadvantaged backgrounds.

#### Sri Lanka

Micro-volunteering

In 2019, several micro-volunteering events were organised to benefit local communities. Examples of these initiatives included volunteering at a sports day for disabled children, tree planting, running events to encourage students to

pursue a career in technology and participating in community clean-up projects. Sri Lanka are now in the process of choosing a partner charity.

#### Malaysia

Dyslexia Association  
of Sarawak (DASwk)

DASwk advocates for children and individuals affected by dyslexia and other learning disabilities by promoting awareness and running educational programmes.

Volunteering activities in 2019 included a community clean-up project at the Learning Resource Centre. Malaysia are now in the process of choosing a 2020 charity partner.

### Green Week

#### Sustain

LSEG Green Week

In October 2019, LSEG ran a global Green Week. This involved a series of events and initiatives aimed at promoting awareness of green and sustainability related issues to our staff around the world as well as a number of sustainable-linked charitable initiatives. This culminated in an externally focused event launching our Green Equity Mark (see page 14) and Sustainable Bond Market (see page 15) as well as our Sustainable Finance and Investment Summit.

Highlights from the week included:

- Interactive demonstrations on energy efficient lighting and reducing food waste
- 'Dress for Success' – employees donated interview-ready clothing to help the long-term unemployed
- Sustainable finance business briefing



LSEG colleagues help sort recycling as part of Green Week

# Our Communities continued

## Community Contributions from the Group in 2019

Based on the London Benchmarking Group (LBG) methodology, we report our donations and other factors that reflect the Group's overall engagement with our communities.

In 2019, the Group made an overall donation to LSEG Foundation of £1,616,000 which is 29% higher than 2018. An additional £130,000 was donated directly to charities by the Group, bringing total donations to £1,746,000, 20% higher than 2018 spending. The 2019 Charity Trading Day raised £707,000, 15% higher than 2018.

### Principal sources of funding 2019

Employees	Employees make donations and organise fundraising events
Foundation Day	The Group donates the equivalent of all equity trading fees raised on London Stock Exchange, Turquoise and Borsa Italiana during the annual Foundation Day
Corporate	The charitable donations from other companies in the Group contribute to the Foundation's donation pool
Fines	Money received through fines levied by the Group

LSEG community investment charitable donations	2019 £'000	2018 £'000	2017 £'000
Donations to LSEG Foundation	1,616	1,254	1,122
Donations to charity	130	207	107
In-kind donations	141	143	136
Management costs	131	194	238
Total	2,018	1,798	1,603

In 2018, LSEG Foundation Committee set out a list of strategic priorities for 2019-2022, supported by an action plan based on four focus areas: i) Maintain deep alignment with our mission; ii) Encourage colleagues' engagement and enhance a culture of collaboration; iii) Invest in business

## How LSEG Foundation's strategy aligns to our business priorities



inclusion and entrepreneur skills; iv) Invest in bringing LSEG philanthropy programme alive. These priorities support and sharpen the overarching LSEG Foundation strategy, set out above.

We also identified a further three elements connected to our community engagement: in-kind donations, free venue hire for charities at our premises in the UK and Italy; management costs, the cost of time of the managers involved in our Board of Trustees; and charity committees across the Group, our Foundation's programme office and the corporate functions that support staff engagement programmes. Donations from LSEG Foundation.

In 2019 London Stock Exchange has scaled up its volunteering programme, based on the strategic programme approved in 2018. Based on the achievement in 2018 of the initial 2020 15% target in terms of proportion of the employee base involved in volunteering, in 2019 we raised the 2020 target to 25%. In 2019, 1075 employees across seven regions, equivalent to 20% of LSEG colleagues, were involved in volunteering activities.

### Donations from LSEG Foundation

Total grants approved and paid reached £1,379,000. In addition to the grants to the Group partner charities across France, Italy, the US, the UK, Romania and the major grant to the Group global partner charity UNICEF, more than 60 grants for charities identified and put forward to LSEG Foundation by LSEG employees across the

UK, the US, France and Italy. This amount includes the small grants disbursed as part of LSEG Matching scheme, which doubles the funds raised by employees through fundraising initiatives, up to £2,000 per year per person (£2,000 in Italy). In 2018, £102,000 were raised by our employees and matched by LSEG Foundation.

### Impact reporting

Given the strategic objective of maintaining deep alignment to the mission included in the 2018 strategy review, we've continued measuring the alignment of our grant-making activity with the LSEG Foundation's mission, with particular reference to the one-off donations recommended by the Regional Charity Chairs to LSEG Foundation's Board. In 2019, mission alignment was 90% (+1% versus 2018). The remaining 10% of donation are related to wellbeing (as opposed to life skills and business enterprise). Based on the LBG impact reporting framework, we ask charities to report on three types of impact to help aggregation across different project categories.

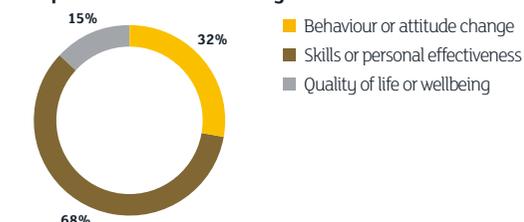
- Behaviour or attitude change  
Has the activity helped people make behavioural changes that can improve their life or life chances or has it challenged negative attitudes or preconceptions, enabling them to make wider, different or more informed choices?
- Skills or personal effectiveness  
Has the activity helped people to develop new, or improve

existing, skills to enable them to develop in the workplace, academically or socially?

- Quality of life or wellbeing  
Has the activity helped people to be healthier, happier or more comfortable (e.g. through improved emotional, social or physical wellbeing)?

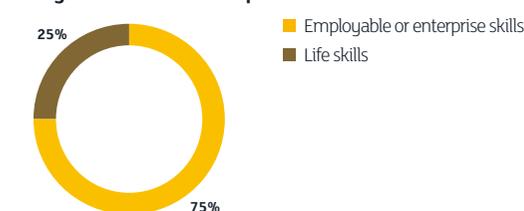
90% of LSEG Foundation grants were directed to projects that are in line with LSEG Foundation's mission, called impact areas. Those aimed at behaviour or attitude change, termed 'raised aspirations', 32%, or at the development of skills and personal effectiveness, 68%. The small percentage of 'Quality of life or wellbeing' donations (15%) is in response to emergencies (UNICEF Children's Emergency Fund).

### Impact of LSEG Foundation grant on beneficiaries



Within impact areas 1 and 2 ('Behaviour or attitude change' and 'Skills or personal effectiveness'), donations are perfectly aligned with our mission.

### Target skills to be developed with our donation



75% of the donations are aimed at increasing the employability of the beneficiaries or at developing financial or business skills, for which the UNICEF Zambia project plays a large role. 25% is focused on developing life skills.



# 3.

Our overall  
Corporate  
Sustainability  
performance

# Data reporting overview

“Positioned between issuers and investors, and supporting each, we have a unique role to aid understanding and information flows across capital markets that enables sustainable investment. We actively support evolving global ESG reporting standards and our own reporting strives to reflect the high standards we advocate.”

## David Harris

Head of Sustainable Business

It is becoming a norm that investors consider aspects of the ESG performance of an issuer alongside other financial and strategic information in an integrated manner within their investment strategies. Given our mix of businesses supporting both issuer companies and investors, we are keen to promote high ESG standards and ESG data that is reliable, consistent and comparable across industries.

Considering this, we are committed to reflecting best practice in our own reporting. We conduct materiality reviews before reporting to identify the important material standards and materials to adopt for LSEG. We reference our own ESG Reporting Guidance which is based on globally recognised standards. We also draw from a range of international frameworks and standards, many of which

interrelate, including FTSE Russell’s ESG methodology, GRI Standards, Sustainability Accounting Standards Board indicators, CDP and the UN Sustainable Stock Exchanges initiative. Please see the Appendix for a summary of LSEG data for the quantitative ESG data points recommended in our ESG Reporting Guidance.

Based on these reporting frameworks, the following sections outline a set of indicators, divided across Environmental, Social and Governance areas, which we will continue to build on over time as our approach evolves further.

While we expand as a Group integrating acquired businesses and through joint ownership initiatives, we align our values and incorporate them into our ESG reporting mechanisms. Acquisitions and Group companies where we have below 100% ownership add complexity to reporting ESG data, thus we have set out how we have calculated Group-wide data in the relevant sections.

## About this report

### 1. Scope and time frame

This report covers 100% of the businesses over which LSEG has operational control (all legal entities in which LSEG has a 51% stake or higher) employing the same principles as for financial data. For a list of all the subsidiaries consolidated and covered in the report, please see our Annual Report, pages 200–203. When a different boundary applies to ESG data, we provide explanations in the relevant section. The time frame matches the time period for the Annual Report.

### 2. Verification and approval

All data included in this report has been submitted to an internal verification process. Environmental, diversity and cash donation data has also been also externally verified. The external verification statement for the environmental data is published on [www.lseg.com/home/about-london-stock-exchange-group/corporate-responsibility/environment](http://www.lseg.com/home/about-london-stock-exchange-group/corporate-responsibility/environment). This report was approved by the LSEG Board in February 2019.

### 3. Data provision

We provide both raw and normalised data where relevant (see Environment section), and wherever possible we provide three-year time series of comparable data.

Our ESG practices are measured by a variety of assessments including performance indices and benchmarks. These assessments provide useful input to benchmark against global best practices and to plan for improvements in our sustainability approach.

Assessment	Benchmark	2019	2018	2017
<b>FTSE Russell ESG Rating (also used for the FTSE4Good Series)</b> The FTSE4Good Index Series is designed to identify companies that meet globally recognised ESG standards.	ESG Rating Absolute Score (5 – Highest)	4.6	4.6	4.6
	ESG Rating ICB Supersector Relative Percentile Score (100 – Highest)	96	98	99
	Pillar Score (5 – Highest)			
	Environmental	5.0	5.0	5.0
	Social	4.3	4.3	4.3
	Governance	4.6	4.7	4.7
<b>Dow Jones Sustainability Index (DJSI)</b> DJSI tracks the financial performance of the leading sustainability-driven companies worldwide.	Total sustainability company score (Percentile Ranking)	61 (86 <sup>th</sup> )	59 (83 <sup>rd</sup> )	65 (89 <sup>th</sup> )
	Economic	63 (89 <sup>th</sup> )	59 (83 <sup>rd</sup> )	67 (91 <sup>st</sup> )
	Environmental	76 (88 <sup>th</sup> )	65 (83 <sup>rd</sup> )	81 (91 <sup>st</sup> )
	Social	53 (82 <sup>nd</sup> )	55 (85 <sup>th</sup> )	54 (84 <sup>th</sup> )
<b>CDP</b>	Overall score	A-	A-	A-
CDP, formerly known as the Carbon Disclosure Project, runs the global disclosure system that enables companies, cities, states and regions to measure and manage their environmental impacts. We were scored in the ‘leadership’ bracket for the fourth year running, highlighting the steps LSEG has taken which represent best practice in the field of environmental management.				
<b>MSCI</b>	Overall score	AA	A	A
MSCI rates and analyses environmental, social and governance-related business practices of companies worldwide.				

# Environment

We recognise that we must use resources in ways that deliver the long-term sustainability and profitability for the business and have regard for impact on the environment. We also take such factors into account in developing our products and services. The Group's primary greenhouse gas (GHG) emissions arise from energy, waste and water in our offices and data centres around the world, from staff travel, and indirectly from our supply chain. We are aware of the risks and opportunities for our business arising from climate change and have developed measures to address them. We actively monitor these changes so that we can adapt and respond as necessary.

## 2020 Targets

-2%

Scope 1 & Scope 2 emissions per FTE/ per £m revenue

-2%

Waste production per FTE

## Our targets and progress in 2019

During the reporting period, we achieved a 41% reduction in our absolute carbon footprint and a 42% reduction in carbon emissions per Full Time Employee (FTE). This reduction was primarily due to our move to 100% renewable electricity. This has been achieved through maintaining 100% renewable supplier tariffs for 66% of our electricity consumption and the procurement of energy attribute certificates for all other electricity consumption (purchased from an internationally recognised trader, member of IETA and CDP gold partner). Energy conservation measures (such as office consolidation projects, LED lighting upgrades, and decommissioning of legacy servers) have continued in all regions to reduce energy consumption. Throughout 2019 there has also been an increased focus on recycling and waste management.

LSEG was one of the first companies in the financial services sector to commit to a long-term science-based carbon reduction target, which is that "We commit to a 40% reduction of our global scope 1 and 2 GHG emissions by 2030 from a 2016 baseline". As this target has been achieved, we continue to work towards the approval of our 2030 targets by the Science-based Targets initiative, therefore, in 2020 we aim to achieve a further 2% reduction in Scope 1 and 2 emissions per FTE and per £m revenue and a 2% reduction in waste per FTE compared to 2019. We will fully assess the actions needed to achieve carbon neutrality, including offsetting unavoidable air travel emissions through Gold Standard carbon credits.

## Managing our environmental impact

We take an active approach to emissions management. Our Environmental Management Group (EMG) guides the Group's environmental strategy, and is responsible for setting Group-wide targets, managing and seeking to improve our environmental performance.

Its responsibilities also include:

- Increasing efficiency and reducing consumption in areas including energy, water usage, waste management and business travel
- Ensuring that environmental considerations are incorporated in the Group's purchasing and procurement decisions
- Engaging with clients, suppliers and community partners to promote environmental best practice

The EMG accurately measure and report on GHG impacts across our property portfolio, including managed offices where possible. We report beyond the mandatory reporting guidelines to include Scope 3 emissions, performance is reported quarterly on an internal basis, and we annually disclose to CDP, Dow Jones Sustainability Indices (DJSI), FTSE4Good and on our website: [www.lseg.com](http://www.lseg.com).

We have maintained our accreditation for our ISO 14001 Environmental Management System by a UKAS accredited body. The system currently covers the UK property portfolio and we are assessing expansion to cover further locations.

The Group CFO reports to the Board on environmental issues.

## Highlights

A-

CDP Climate Change for fourth consecutive year

41%

reduction in absolute carbon emissions

100%

renewable electricity achieved in 2019

## LEED Gold Certification

For our new Romania office

# Environment continued

## Overall Performance

**Achieved: -44% carbon emissions per £m revenue / - 42% per FTE.**

2019 Target: -5% carbon emissions per £m revenue/per FTE

### Progress in 2019

In 2019, we began to purchase energy attribute certificates for the electricity from our offices, where we have been unable to source renewable energy tariffs. This means 100% our electricity is now renewably sourced, up from 66% in 2018. This has supported us to achieve a 41% reduction in total carbon emissions compared to 2018. We surpassed our business travel emissions target of 2% reduction per full time employee (FTE), achieving 8% reduction in business travel emissions compared to 2018. We went beyond our annual waste production target and were able to divert more of our waste to recycling rather than energy from waste or landfill (99% landfill avoidance). As well as sourcing renewable electricity for our data centres and office locations, we continued to invest in energy reduction initiatives.

We also held a global Green Week to engage our employees with environmental issues. Activities included sustainable finance briefings, workshops on reducing food waste and better recycling, providing a 'bike doctor' to assist our employees who cycle to work and interactive LED lighting demonstrations.

### What we can improve

Our absolute energy consumption continues to grow in relation to the growth of the business. Several events in 2019 meant that we had to rely on fuels such as diesel more to keep our data centres running. This has resulted in our Scope 1 emissions increasing by 28% compared to 2018. As a result of continued efforts in reducing emissions from our offices and data centres, and as a product of the group's growth, air travel is now the largest contributor to our emissions inventory. Air travel continues to be an important means to engage with our clients and other stakeholders. Exploring how we can reduce our air travel emissions will continue to be a priority for the group in 2020.

### 2020 focus

We recognise that we need to decouple business growth from increasing carbon emissions, and so beyond committing to using 100% renewable electricity we will continue to seek ways to reduce our absolute Scope 1, 2 and 3 emissions.

We made a commitment during 2019, to procure 100% renewable electricity for the entire group. For 66% of our total electricity consumption this is achieved through renewable tariffs with our suppliers; for other sites we are achieving this through the purchase of energy attribute certificates (purchased from an internationally recognised trader, member of IETA and CDP gold partner) as a first phase in our renewable energy strategy. During 2020, we will continue to extend the procurement of renewable supplier tariffs where these are available.

	2019	2018	2017
<b>Total (tCO<sub>2</sub>e)</b> <sup>1,5,6,8,10</sup>	<b>10,604</b>	17,864	21,866
per FTE	<b>2.0</b>	3.4	4.0
per £ million revenue	<b>4.6</b>	8.4	11.2
Scope 1 <sup>2,9</sup>	<b>1,816</b>	1,414	1,919
Scope 2 – Market Based <sup>3,7</sup>	<b>0</b>	7,132	11,694
Scope 2 – Location Based <sup>3</sup>	<b>18,052</b>	19,168	21,850
Scope 3 – Includes T&D <sup>4</sup>	<b>8,788</b>	9,319	8,252
<b>Renewable Electricity</b>	<b>100%</b>	66%	46%

Note: See footnotes on page 42

# Environment continued

## Data Centres

### Achieved: -92% carbon emissions per £m revenue / - 92% per cabinet.

2019 Target: -5% carbon emissions per £m revenue / per cabinet.

### Achieved: -10% water consumption per cabinet.

2019 Target: -25% water consumption per cabinet.

#### Progress in 2019

In 2019 we surpassed our 5% data centre emissions reduction target, achieving 92% carbon emissions reduction per data centre cabinet. This was primarily due to our move to 100% renewable electricity for all data centres. While we reduced our carbon emissions, electricity use associated with our data centres increased by 3% per data cabinet in 2019. We continue to run effective decommissioning projects, with legacy servers being removed and replaced with more efficient hardware. LED lighting replacement initiatives also continued in our London data centres. Additionally, in 2019 we were able to surpass our 2% reduction in water consumption target, achieving 10% reduction per cabinet.

#### What we can improve

Although our data centre capacity has remained largely unchanged over the last two years, utilisation has increased due to business growth. Electricity contributes 96% of our total data centre energy consumption, and our use of diesel-fuelled stand-by generators has increased in 2019. This is a result of minor electricity supply failures, faults in equipment and related functional testing of the generators. These issues increased diesel consumption by 87% compared to 2018. We recognise the need to identify further projects which will support reductions in energy consumption for diesel as well as electricity and natural gas.

#### 2020 focus

During 2020, we will focus on implementing gas and diesel saving initiatives, in an effort to reduce our Scope 1 emissions. In addition, we will continue to explore more robust means for longer term electricity reductions. This is part of a wider shift to reduce the absolute carbon emissions of LSEG as part of our science-based target strategy.

	2019	2018	2017
<b>Total (tCO<sub>2</sub>e)<sup>1,5,6</sup></b>	<b>282</b>	3,395	6,961
per occupied cabinet	<b>0.2</b>	2.39	4.96
per £ million revenue	<b>0.1</b>	1.6	3.6
Electricity (kWh)	<b>39,399,309</b>	38,314,359	36,270,505
Natural Gas (kWh)	<b>1,110,729</b>	1,266,356	1,301,549
Diesel (litres)	<b>29,875</b>	15,944	44,755
<b>Water (tCO<sub>2</sub>e)</b>	<b>14.1</b>	15.6	13.5
Water (m <sup>3</sup> )	<b>41,051</b>	45,375	39,164
per occupied cabinet	<b>29</b>	32	28

Note: See footnotes on page 42

# Environment continued

## Offices

### Achieved: -78% less carbon emissions per £m revenue / -77% per FTE.

2019 Target: -5% less carbon emissions per £m revenue / per FTE.

### Achieved: +16% more water consumption per FTE.

2019 Target: -2% less water consumption per FTE

### Progress in 2019

In 2019 we surpassed our 5% office emissions reduction target, achieving 77% reduction in carbon emissions per full time employee (FTE). This was primarily due to our move to 100% renewable electricity for all offices, additionally, energy conservation measures implemented in many offices also meant that we were able to reduce electricity use by 3% per FTE compared to 2018. Electricity consumption is the largest contributor to carbon emissions associated with our offices.

A range of energy initiatives have been adopted across our global portfolio of offices, including desktop screen replacements in London and standardising chiller temperature controls in Sri Lanka. LED lighting replacement initiatives continued in Italy, Romania and the UK. The opening of our new office in New York consolidated a number of smaller offices within the city, which we hope will improve the efficiency of our operations in the USA. In addition, we collected better quality environmental data for our LEED Gold Certified Bucharest office in Romania.

### What we can improve

In 2019, despite some investment in energy efficiency to reduce our electricity consumption, we did suffer from several causes for increased generator use and therefore our diesel consumption increased by 124% in 2019. This was due to technical faults, and related increased functional testing. Natural gas consumption also increased in 2019. We were unable to reduce our group office water consumption per FTE in 2019, with an increase of 16% per FTE. This was largely as a result of a water leak in one of our Sri Lankan offices and increased use of office space (including showers and drinking water) during the unrest in Sri Lanka last April. Several offices in Sri Lanka have adopted rainwater harvesting initiatives to reduce city water usage.

### 2020 focus

During 2020, we will focus on implementing gas and diesel saving initiatives, in an effort to reduce our Scope 1 emissions. This is part of a wider shift to reduce the absolute carbon emissions of LSEG as part of our science-based target strategy. This programme of work has already started, with reducing and standardising our generator testing across regions to help reduce diesel consumption. Lighting energy efficiency initiatives will be continued in 2020 in London and Italy and rolled out to other offices in Sri Lanka. A planned upgrade of the HVAC system to an energy efficiency chiller in one of our Sri Lankan offices is estimated to significantly reduce electricity consumption here. Other initiatives include improvements to office air quality and further tree planting in Sri Lanka.

	2019	2018	2017
<b>Total (tCO<sub>2</sub>e)<sup>1,5,6</sup></b>	<b>1,337</b>	5,559	6,889
per FTE	<b>0.3</b>	1.1	1.3
per £ million revenue	<b>0.6</b>	2.6	3.5
Electricity (kWh)	<b>21,557,927</b>	21,794,074	21,291,928
Natural Gas (kWh)	<b>5,315,666</b>	4,428,881	6,183,674
LPG (tonnes)	<b>9.7</b>	9.5	10.5
Diesel (litres)	<b>89,958</b>	40,218	43,268
<b>Water (tCO<sub>2</sub>e)</b>	<b>19.6</b>	16.5	21.5
Water (m <sup>3</sup> )	<b>57,026</b>	48,430	62,647
Per FTE	<b>10.5</b>	9.1	11.4

Note: See footnotes on page 42

# Environment continued

## Business Travel

### Achieved: -13% less business travel emissions per £m revenue.

2019 Target: -2% less business travel emissions per £m revenue.

#### Progress in 2019

As of 2018, business travel is the single largest contributor towards our group carbon emissions. As a global business, air travel continues to be an important means to engage with our clients and other stakeholders. In 2019 we surpassed our 2% target, achieving an 8% reduction in business travel emissions per FTE and 13% reduction per £m revenue. This was in part due to political unrest in Sri Lanka and Hong Kong, which meant travel was suspended or on 'essential travel only' for two of our key destinations for part of 2019. Rail travel emissions fell significantly in 2019, partly due to decreased carbon emission factors, but also as a result of 62% less UK domestic rail travel (miles). Our vehicle fleet emissions have reduced by 33% since 2018, due to fewer road miles.

LSEG continue to extend the use and availability of video conference (VC) facilities, and to encourage the use of VC in place of traveling to meetings where appropriate. We believe that this is supporting reductions in rail travel and short-haul air travel. The number of video conference calls continues to increase year-on-year.

#### What we can improve

Long-haul air travel continues to be the largest contributor towards business travel emissions, accounting for 79% of total travel emissions in 2019. During 2019, we saw 42% increase in long haul flights (km travelled) from our Sri Lankan locations. We anticipate that this trend in increased international travel will continue throughout 2020, both associated to business as usual engagement with clients and other key stakeholders, but also associated with the acquisition of Refinitiv.

#### 2020 focus

We anticipate that there will be an increased level of international air travel associated with the Refinitiv acquisition, and as a result of integration activities. We will be tracking this closely throughout the year. A number of the airlines we work with have taken steps to improve their environmental credentials during 2019, and we will be working with our key airline partners and environmental consultants to establish how LSEG can benefit from these during 2020.

	2019	2018	2017
<b>Total (tCO<sub>2</sub>e)<sup>6</sup></b>	<b>8,013</b>	8,522	7,085
per FTE	1.5	1.6	1.3
per £ million revenue	3.5	4.0	3.6
<b>Total Air Travel tCO<sub>2</sub>e</b>	<b>8,002</b>	8,497	7,047
Per FTE	1.5	1.6	1.3
Per £ million revenue	3.5	4.0	3.6
Total Air Travel (km)	50,298,670	47,353,780	44,483,319
Total Rail Travel tCO <sub>2</sub> e	11	25	38
Total Rail Travel (km)	1,443,758	1,410,599	1,278,068
Company leased fleet tCO <sub>2</sub> e	36	54	64

Note: See footnotes on page 42

# Environment continued

## Waste

### Achieved: -8% less waste produced per FTE.

2019 Target: -2% less waste produced per FTE.

#### Progress in 2019

LSEG has achieved 99% landfill avoidance, and total waste produced has reduced 6% since 2018. Less waste is being sent to energy-from-waste plants and more is being recycled in individual waste streams demonstrating that our improved waste management processes are encouraging employees to sort waste before disposing. We surpassed our 2% target, achieving 8% reduction in waste per FTE compared 2018.

Our waste management work in our London offices has been recognised with receiving Platinum Award status for the last five years, and special recognition under the Cheapside Business Alliance Award at the London Clean City Awards in 2018. One of our offices in Sri Lanka improved their waste management processes to deliver more accurate data on waste, and other locations have introduced new recycling streams to divert waste from energy-from-waste plants. A number of offices across Italy and Sri Lanka have adopted single-use plastic waste reduction initiatives which include replacing plastic cups with reusable bottles, installing bottle refill stations and introducing reusable lunchboxes to save packaging waste in cafeterias. We continue to set printing targets (2019: -2% per FTE) and once again have surpassed this target in the year with a 28% reduction per FTE.

#### What we can improve

Despite efforts in improving waste management processes, which have resulted in 8% reduction in waste production per FTE, some waste streams have increased in volume, including food and plastic waste. Food waste is largely driven by our Paternoster Square onsite catering facilities, where this increase has come from improved data collection and increased numbers of staff and visitors using the onsite café (where food waste per cover has reduced by 8%). To try to reduce plastic waste, we have provided more segregated recycling bins for our employees at a number of offices and data centres. We also encouraged employees and visitors to recycle more as part of Green Week and other regional activities.

#### 2020 focus

We are working to revise our objectives on waste for 2020 and future years to reflect process improvements and encourage the good progress that is being made on waste management at LSEG.

We will be sharing the learnings experienced in the UK to other regions to better reduce waste production. We will also continue to introduce further dedicated recycling stations in offices to encourage waste separation.

	2019	2018	2017
<b>Total (tCO<sub>2</sub>e)<sup>6</sup></b>	<b>302</b>	234	198
per FTE	<b>0.06</b>	0.04	0.04
per £ million revenue	<b>0.13</b>	0.11	0.10
<b>Total waste (tonnes)</b>	<b>822</b>	874	946
per FTE	<b>0.15</b>	0.16	0.17
per £ million revenue	<b>0.36</b>	0.41	0.49
Total waste for energy	<b>538</b>	644	731
Total waste recycled	<b>271</b>	228	211
<b>Landfill avoidance</b>	<b>98.5%</b>	99.8%	99.7%

Note: See footnotes on page 42

# Environment continued

## Methodology and Verification

We report all the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. These sources fall within our consolidated financial statement. We do not have responsibility for any emission sources that are not included in our consolidated statement.

Our emissions are calculated 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).

LSEG uses an "Operational Control" boundary for our GHG and environmental reporting. An organisation has operational control if it has, or its subsidiaries have, the full authority to introduce and implement its operating policies. This approach accounts for 100% of emissions from facilities, operations and vehicles (whether leased or owned) over which LSEG has operational control. It excludes homeworkers and client-based workers.

The London Stock Exchange Group's (LSEG) Scope 1, 2 and 3 emissions disclosed here and in the Directors' and Strategic Reports have been externally verified by SGS against the requirements of the WRI/WBCSD GHG Protocol – Corporate Accounting and Reporting Standard. Conduct of the verification met the requirements of ISO 14064-3:2006. Full details and the verification statement are available on our website.

The tables and charts included summarise our relevant environmental disclosure based on Streamlined Energy and Carbon Reporting (SECR), CDP, GRI and FTSE Russell ESG indicators. LSEG have affirmed their commitment to support TCFD's recommendations and sees them as an important step in driving improved global consistency in voluntary reporting standards (for further information on TCFD (see pages 52-53).

## LSEG UK energy consumption and emissions<sup>12</sup> compared to rest of group.

		2019	2018	% Change
<b>Total</b>	<b>Energy Consumption (kWh)<sup>11</sup></b>	<b>71,160,796</b>	<b>69,527,917</b>	<b>+2%</b>
<b>UK</b>	<b>Energy Consumption (kWh)<sup>11</sup></b>	<b>45,548,676</b>	<b>45,772,555</b>	<b>-0.5%</b>
	Scope 1	513	399	+29%
	Scope 2 – Market based	0	1,830	-100%
	Scope 2 – Location based	11,166	12,440	-10%
<b>Rest of Group</b>	<b>Energy Consumption (kWh)<sup>11</sup></b>	<b>25,612,121</b>	<b>23,755,362</b>	<b>+8%</b>
	Scope 1	1,303	1,015	+28%
	Scope 2 – Market based	0	5,301	-100%
	Scope 2 – Location based	6,884	6,728	+2%

1. All Group totals and electricity breakdowns use market-based Scope 2 emissions factors, unless otherwise stated.
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 by the Group for its own use (the Group does not purchase heat, steam or cooling). Market-based emissions use supplier-based emission factors and energy attribute certificates for where 100% renewable supplier tariffs are not in place. Residual mix factors are excluded due to the entire group electricity consumption being covered by 100% renewable tariffs or energy attribute certificates.
4. Scope 3 includes emissions from Air Travel, Rail Travel, Waste, Water and Scope 3 Electricity Transmission and Distribution.

5. Group Carbon Footprint includes tenant consumption. Detailed section data excludes tenants.
6. DEFRA UK Government GHG Conversion Factors are used for our UK sites, business travel, water and waste and extrapolated data. Local GHG Protocol emissions factors are used to calculate Scope 1 and 2 emissions for international sites where available.
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. 66% of our total electricity consumption is via 100% direct renewable supplier tariffs.
8. Total extrapolated emissions - 4.1%.

9. Only four sites are able to provide Fugitive emissions data from suppliers. All other sites excluded.
10. 2018 and 2017 total carbon emissions (and associated intensity metrics) have been updated to include fugitive emissions, as these were previously reported separately.
11. Electricity, Natural Gas, Diesel, LPG, and Fleet Vehicle fuel have each been converted from their respective units to kWh in order to be presented as an aggregate fuel consumption value. Defra GHG Conversion Factors 2019 (Fuel Properties) have been used as the basis for this conversion. Refrigerant consumption is not included in total kWh.
12. Scope 3 emissions are not reported separated by UK and Rest of Group, due to the collection of travel data at the group level. Streamlined Energy and Carbon Reporting requires only Scope 1, and Scope 2 emissions to be separated by region.

# Social

LSEG respects and seeks to adhere to the UN Guiding Principles on Business and Human Rights, together with the International Labour Organization Conventions and Recommendations within our working environment in each location where we operate. The Group strongly supports these conventions which aim to abolish forced labour and child labour and promote freedom of association and equality. Human rights considerations are also included in our Supplier Code of Conduct and Group Corporate Sustainability Policy.

Our risk assessment and research in 2019 has once again indicated that LSEG operates in an industry where the risk of modern slavery and human trafficking is inherently low. However, we operate as a global business and therefore recognise the risks of partnering with a varied spectrum of global suppliers and of slavery occurring deeper in those complex supply chains.

The Group has a zero-tolerance approach to modern slavery. Some of the key actions taken in 2019 were:

- Refreshed risk assessment on our current supplier base to identify the highest risk suppliers from a slavery perspective which has confirmed majority of our relevant supplier spend is with suppliers in our lowest slavery risk tier. Our procedures and anti-slavery approaches continue to be appropriate and proportionate
- Following from the 2018 Modern Slavery Act Statement and analysis we obtained agreement to our enhanced Supplier Code of Conduct from a number of higher risk suppliers, with the majority of our current relevant supplier base having now accepted our Supplier Code of Conduct
- Having identified a small number of suppliers' risk to be in our highest tier risk category, we have established an action to ensure that such identified suppliers agree to our Supplier Code of Conduct in 2020.

The most recent version of our modern slavery statement can be found at: [www.lseg.com/about-london-stock-exchange-group/corporate-sustainability/modern-slavery-act-statement](http://www.lseg.com/about-london-stock-exchange-group/corporate-sustainability/modern-slavery-act-statement).

## 2019 Group Statistics<sup>1,2</sup>

Disclosure	Indicator	2019	%	2018	%	2017	%
<b>Employment</b>	United Kingdom	1,705	34	1,666	36	1,596	33
<b>By region</b>	Sri Lanka	1,127	22	1,001	22	1,036	21
	Italy	683	14	669	15	625	13
	United States of America	676	13	667	15	657	13
	Malaysia	199	4	189	4	121	2
	Romania <sup>3</sup>	193	4	68	1	-	-
	France	192	4	167	4	171	3
	Taiwan	80	2	30	0	24	0
	Other	126	3	130	3	678	14
	<b>TOTAL</b>	<b>4,981</b>	<b>100</b>	<b>4,587</b>	<b>100</b>	<b>4,908</b>	<b>100</b>
<b>By contract type</b>	Full time	4,810	97	4,397	96	4,683	95
	Part time	64	1	78	2	104	2
	Fixed term	107	2	112	2	121	2
	<b>TOTAL</b>	<b>4,981</b>	<b>100</b>	<b>4,587</b>	<b>100</b>	<b>4,908</b>	<b>100</b>
	Employees covered by collective bargaining agreements	18%		18%		16%	
	Staff voluntary turnover	10.5%		11.0%		9.5%	
<b>Health and safety<sup>9</sup></b>	Number of health and safety incidents	0		0		0	
<b>Training and education</b>	Employees receiving regular performance and career development reviews	100%		100%		100%	
	Total hours spent on employee development training	74,770		63,150		41,675	
<b>Labour standards</b>	Number of incidents of labour standards non-compliance	0		0		0	
<b>Disclosure</b>	<b>Indicator</b>	<b>2019 %</b>		<b>2018 %</b>		<b>2017 %</b>	
<b>Diversity and equal opportunity<sup>10</sup></b>		<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>
	United Kingdom	33	67	33	67	33	67
	Sri Lanka	29	71	28	72	24	76
	Italy	36	64	36	64	35	65
	United States of America	33	67	35	65	38	62
	Malaysia	66	34	65	35	39	61
	Romania <sup>3</sup>	33	67	29	71	-	-
	France	34	58	39	61	65	35
	Taiwan	53	47	43	57	42	58
	Other	44	66	41	59	32	68
	<b>TOTAL</b>	<b>35</b>	<b>65</b>	<b>34</b>	<b>66</b>	<b>33</b>	<b>67</b>
<b>Disclosure</b>	<b>Indicator</b>	<b>2019</b>		<b>2018</b>		<b>2017</b>	
<b>Group by gender and organisational level</b>		<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>
	LSEG plc Board	4	9	3	10	2	9
	LSEG Subsidiary Boards <sup>4,6</sup>	31	132	22	116	23	142
	Executive Committee and Leadership Teams <sup>5,6</sup>	140	219	134	295	146	303
	All other colleagues	1,577	2,957	1,453	2,723	1,458	3,001
	<b>TOTAL<sup>7</sup></b>	<b>1,717</b>	<b>3,248</b>	<b>1,569</b>	<b>3,018</b>	<b>1,604</b>	<b>3,304</b>
<b>Disclosure</b>	<b>Indicator</b>	<b>2019</b>	<b>%</b>	<b>2018</b>	<b>%</b>	<b>2017</b>	<b>%</b>
<b>Employees by age group</b>	Under 30 years	1,291	26	1,361	30	1,540	31
	30-50 years	2,983	60	2,641	57	2,740	56
	Over 50 years	707	14	585	13	628	13
	<b>TOTAL</b>	<b>4,981</b>		<b>4,587</b>		<b>4,908</b>	
	Nationalities represented in the Group <sup>8</sup>	81		80		72	
<b>Non-discrimination</b>	Total number of incidents of discrimination and actions taken	0		0		0	

1. Figures as of year end 31 December 2019.  
2. Due to rounding, some totals may not correspond with the sum of the separate figures.  
3. LSEG office in Romania opened in 2018.  
4. Mix of employees and Non-Executive Directors.

5. Executive Committee and Leadership Teams in LSEG.  
6. The LSEG Subsidiary Board members and the Executive Committee and Leadership Teams together comprise the 'Senior Managers' for the purposes of section 414C (8)(ii) of the Companies Act 2006.  
7. Total comprises ExCo and Leadership Teams and All other colleagues.

8. Not a required disclosure.  
9. 100% of total LSEG workforce is represented in formal joint management-worker health and safety committees.  
10. Figures may not total 100% due to individuals who have chosen not to disclose this information

# Governance

“Good governance is key to promoting the long-term sustainable success of the Company, generating value for shareholders, building and maintaining relationships with stakeholders and contributing to wider society.”

**Don Robert,**  
Chair

LSEG is committed to the corporate governance standards set out by the UK Corporate Governance Code, which in 2014 was updated to strengthen the focus on long term sustainable value creation. For a full description of our corporate governance framework please see the 2019 LSEG Annual Report, we set out our CS governance on pages 7 of this report. You may also refer to the GRI Index available at [www.lseg.com/about-london-stock-exchange-group/corporate-sustainability](http://www.lseg.com/about-london-stock-exchange-group/corporate-sustainability)

The purpose of this section is to provide disclosure on governance practices that are particularly relevant to sustainability issues deemed significant by our stakeholders. For 200 years, we have abided by our motto, Dictum Meum Pactum, 'My word is my bond'. Today, it is as vital as ever that we maintain the highest standards of ethics and governance. Given our central role in a constantly evolving global economic landscape, it is important that we foster confidence in our markets and in the services we provide. What we believe as a Group and how we act is summarised by our four core values and behaviours: Integrity, Partnership, Innovation and Excellence.

## Key Polices and Approaches

### Tax transparency

– ExCo Responsibility, David Warren, Group CFO

LSEG's strategy for taxation has been published and is available at [www.lseg.com/about-london-stock-exchange-group/regulatory-strategy/london-stock-exchange-tax-strategy](http://www.lseg.com/about-london-stock-exchange-group/regulatory-strategy/london-stock-exchange-tax-strategy). The strategy is centred around four concepts:

1. To ensure that the Group fulfils its fiscal obligations with regard to the administration and payment of all taxes.
2. To ensure that the Group's tax affairs are arranged in an efficient manner, while remaining compliant with the tax laws of the jurisdictions in which it operates.
3. To support the delivery of the Group's corporate and risk management strategies.
4. LSEG does not undertake purely artificial transactions in order to obtain a tax benefit and will only enter into transactions, which would be fully justifiable should they become public. Furthermore, all transactions must have a business purpose or commercial rationale.

We disclose UK tax charge and overseas tax charge in the financial statement of our Annual Report. LSEG is also a signatory of the UK Prompt Payment Code.

### Cyber security

– ExCo Responsibility, Anthony McCarthy, Group CIO

Cyber security is a key non-financial sustainability risk in the financial services sector. Our reputation and ability to fulfil our purpose as a critical markets infrastructure provider is dependent on the secure management of data and assets. In order to have maintain confidence in our assets, security controls have been implemented to protect the confidentiality, integrity and availability of LSEG and Group company data and systems.

Given the increased size and scope of our businesses, we face a wide number of technology risks, such as cyber threats, systems resilience and new technological innovation. The threat of cybercrime and the evolution of the cyber threat landscape requires robust cyber security defences. Long-term unavailability of systems and corruption of data could lead to the loss of client confidence and reputational damage. Security risks have escalated in recent years due to the increasing sophistication of cybercrime. LSEG continues to invest significantly in cybersecurity to protect LSEG, our clients and stakeholders.

The Group is reliant upon secure premises to protect its employees and physical assets, as well as appropriate safeguards to ensure uninterrupted operation of its IT systems and infrastructure.

Security threats are treated very seriously. The Group has robust physical security arrangements, and extensive IT measures are in place to mitigate technical security risks. The Group is supported by the Centre for the Protection of National Infrastructure (CPNI) in the UK, with both physical and IT security teams monitoring intelligence and liaising closely with police and global Government agencies. A third-party security monitoring service is retained to assist with monitoring global physical security events with the potential to impact Group operations.

# Governance continued

Our Code of Conduct and Corporate Sustainability policies, both published on [www.lseg.com](http://www.lseg.com), are underpinned by LSEG's values and behaviours and a number of policies that embed sustainability into our day-to-day operations.

Given their relevance for our industry and associated risks, we provide below a brief description of the following policies:

1. Financial crime (including Anti-money Laundering)
2. Anti-bribery and Corruption
3. Group Information Security
4. Business Continuity Management

## 1. Financial Crime (including Anti-money Laundering)

– ExCo Responsibility, David Schwimmer, Group CEO

This policy outlines the approach and arrangements that LSEG has in place to prevent the occurrence, facilitation or furthering of financial crime. It also sets out LSEG's approach to compliance with applicable legislation, regulation and guidance. The detection, disruption and deterrence of financial crime is a key objective for many regulators worldwide and continues to be a high priority for governments. Consequently, financial crime poses a continuous reputational, regulatory and legal risk to LSEG.

In addition to the reputational and financial loss caused by financial crime, a failure to establish adequate controls to manage our risk and ensure those controls are effective exposes the Group and approved persons to civil and criminal sanctions including heavy fines, restrictions on business activity and loss of relevant regulatory authorisation. LSEG is committed to supporting government, law enforcement and international bodies to combat the use of the financial services sector to facilitate financial crime.

## 2. Anti-bribery and Corruption

– ExCo Responsibility, David Schwimmer, Group CEO

Consistent with LSEG's strategic risk objective of maintaining stakeholder confidence, we regularly review both the risks associated with our business conduct and our related policies. As a result, LSEG has in place a Code of Conduct, Anti-bribery and Corruption, and conflict of interest policies, approved by the Board. In 2019 we carried out mandatory anti-bribery and corruption compliance training, with 100% successful completion; and, the number of staff disciplined or dismissed due to non-compliance was 0.

## 3. Group Information Security

– ExCo Responsibility, Anthony McCarthy, Group CIO

This policy outlines the Information Security requirements across LSEG. It addresses a number of risks, including: data loss or theft which could result in unauthorised access to systems or company information; the threat of malware and, the loss or unauthorised alteration of company data, including personal and confidential information which could expose LSEG to the risk of non-compliance with legal obligations of confidentiality, data protection and privacy.

## 4. Business Continuity Management (BCM)

– ExCo Responsibility, Diane Côté, Group CRO

LSEG is committed to minimising the impact to markets, customers and other stakeholders arising from any event which causes disruption. To achieve this the Group has established BCM as an integral part of its business operations. BCM is a management process that identifies potential threats to an organisation and the impacts to business operations those threats might cause. It provides a framework for building organisational resilience with the capability for an effective response that safeguards the interests of its key stakeholders, reputation, brand and value-creating activities. BCM includes all activities relating to: business recovery planning; IT service continuity planning (including disaster recovery) and crisis management. The purpose of this policy is to ensure that the Group has a feasible, practical, cost-effective and tested Business Continuity Management Framework (BCMF) and that controls exist which ensure that the Group operates within its overall risk appetite.

## Compliance Training

Given LSEG's role at the heart of capital markets, and the Group's reliance on the analytical skills and decision-making capabilities of its employees, adherence to the highest behavioural standards is key to ensuring the quality of our product and service offering. The principles of the Group's Code of Conduct are embedded into the Group's operations through a series of policies that are enforced through periodic training and auditing.

This year, the Group's compliance training programme has included training on the following policies:

Training	Coverage	Completion Statistics
<b>Data Protection (GDPR)</b>	All Staff	100%
<b>Business Continuity Management</b>	All Staff	100%
<b>Financial Crime &amp; Anti-money Laundering</b>	All Staff	100%
<b>Preventing Bribery &amp; Corruption</b>	All Staff	100%
<b>Conflicts of Interest</b>	All Staff	100%
<b>Introduction to LSEG Policies</b>	New Joiners	100%
<b>Unconscious Bias</b>	New Joiners	100%
<b>Competition Law</b>	New Joiners	100%
<b>LCH Incident Management</b>	All LCH Staff	100%

## Governance continued

### Engagement with Stakeholders and Shareholders

The Board views clients, regulators and employees as key stakeholders. Here we provide a brief commentary on our engagement with these stakeholders in 2019. More information on our stakeholder engagement can be found in the Annual Report on pages 51–52.

#### Clients

We engage with our clients across our business in a number of different ways. In 2019, some examples of this engagement on sustainability topics have included our transition bond roundtable (page 16) and the launch of the FTSE Custom Developed Ex Korea SDG Aligned Index, developed following close collaboration between FTSE Russell, Pensioenfond Detailhandel and BlackRock (page 19). Further examples are outlined earlier in this report in the Our Markets and Our Services sections.

#### Regulators

LSEG is engaged on an ongoing basis with global policy makers and regulators on sustainable finance, including the UK, EU, North America and in Asia. In the last year LSEG has submitted evidence to a number of inquiries, including: the Treasury Select Committee's inquiry into the

'Decarbonisation of the UK Economy and Green Finance inquiry', where we outlined the importance of public markets in meeting the challenge of transitioning; and IOSCO's consultation into 'Sustainable finance in emerging markets'.

As part of LSEG's Sustainable Finance and Investor Summit in October 2019, we held a panel discussion with experts from a range of sectors to debate what the future is of regulation to drive the transition to a sustainable economy.

#### UK Climate Financial Risk Forum

LSEG is a member of the Climate Financial Risk Forum (CFRF), an industry forum that is jointly convened by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) to build capacity and share best practice. Since its inception in March 2019, the CFRF has set up four technical working groups on disclosure, scenario analysis, risk management and innovation. CFRF is due to publish the conclusion of these working groups in Spring 2020.

#### UK Green Finance Institute

LSEG is a member of the Green Finance Institute and is represented on its Advisory Group by Nikhil Rathi, CEO of LSE plc and Director of International Development. The purpose of the Institute is to bring together the UK's existing offering on sustainable finance and create new related business

opportunities as well as communicate these initiatives to the wider market in this area.

#### EU Technical Expert Group on Sustainable Finance

In July 2018, the European Commission established a Technical Expert Group on sustainable finance (TEG) to assist in the development of a unified classification system for sustainable economic activities; an EU green bond standard and methodologies for low-carbon indices and metrics for climate-related disclosure. LSEG is a member through Borsa Italiana. The TEG's mandate covers four areas:

- EU taxonomy – to determine whether an economic activity is environmentally sustainable;
- an EU Green Bond Standard;
- methodologies for EU climate benchmarks and disclosures for benchmarks and
- guidance to improve corporate disclosure of climate-related information.

The TEG, with significant input by LSEG, has delivered recommendations on these four workstreams. The mandate of the TEG has been extended until 30 September 2020 to allow it to conclude its technical work and retain the expertise before the future platform on sustainable finance is established.

#### Employees

Employee engagement continues to be of paramount importance to the Group, and we are committed to acting on the results of our regular 'Have Your Say' global employee surveys. Details of how we have engaged with our people in the year can be found in the Our People section of this report on page 24.

#### Shareholders

The Company maintains an active shareholder engagement programme, managed through the Group's Investor Relations (IR) function. The IR programme provides regular opportunity for the Board to have contact with existing and potential shareholders. In 2019, the IR team held over 550 investor meetings.

# Appendix i

Having joined the UN-backed Sustainable Stock Exchanges (SSE) initiative in 2014, LSEG has committed to reporting to the SSE stakeholders on an annual basis. The report provided below is in line with the template and structure developed by the SSE. This is LSEG's fifth report on progress.

## UN SSE: Communication to stakeholders

### Business Strategy

<b>1. How does your exchange define and view the rationale for corporate sustainability and the exchange's role in promoting it?</b>	Our CEO's message, CS strategy and Materiality review on pages 2,6 and 8 respectively, demonstrates our rationale for corporate sustainability and our role in promoting it.
<b>2. How does your exchange's senior leadership and organisational structure support the promotion of corporate sustainability in its market(s)?</b>	Our sustainability strategy is developed and reviewed by our ExCo and Board respectively, while our organisational structure is set out on pages 7. Our Markets and Our Services pillars support the promotion of sustainability across capital markets globally.
<b>3. What goals/objectives does your exchange have in regards to advancing sustainability in your market?</b>	The impact areas of our sustainability strategy that are more relevant here are Disclose, Convene, Grow and Transition – please see Our Key Initiatives, Our Markets and Our Services section for more details (see pages 13–20). We set out our specific objectives for 2020 in our Looking ahead section on page 11.

### Transparency and Issuer Reporting

<b>4. Describe your exchange's approach to promoting sustainability disclosure by companies.</b>	We cover this across both Our Markets and Our Services. We encourage best practice disclosure in two - three ways. Firstly, during 2016 we developed guidance on ESG disclosure for issuers of all sizes across the UK and Italy, which was launched in February 2017 and whose latest edition can be accessed at <a href="http://www.lseg.com/esg">www.lseg.com/esg</a> . Secondly, FTSE Russell's ESG services assessment methodology set a standard for ESG disclosure globally. In 2019, London Stock Exchange Group launched the ESG disclosure score for its London-listed companies (see page 16). Thirdly, we promote issuer-investor dialogue on ESG issues through capital markets events. In July 2019 Borsa Italiana held its third Sustainability Day to encourage investor-issuer dialogue on ESG issues (see page 16). In October 2019, we hosted in London our inaugural Sustainable Finance and Investment Summit. In 2017, the CEOs of LSEG, London Stock Exchange, Borsa Italiana and FTSE Russell signed the letter of support for the final recommendations of the Financial Stability Board's Taskforce on Climate-Related Financial Disclosure (TCFD).
<b>5. What is your exchange's process for reviewing listing standards in general? Are there opportunities for stakeholders to comment during the process?</b>	The UKLA is responsible for listing standards in the UK, not the London Stock Exchange. Borsa Italiana is responsible for setting and reviewing the listing standards as set in the Rules of the Markets, organised and managed by Borsa Italiana. Any modification to the Rules is subject to two main approvals: Borsa Italiana's Board of Directors' and the Italian financial markets supervisory authority's approval. Borsa Italiana stakeholders can comment on the process of amending the listing standards, both the Rules of the Markets and their implementing Instructions. For example, as part of its preparation of the modifications, Borsa Italiana shall consult relevant stakeholders, such as the industry associations of issuers and intermediaries, in order to incorporate their comments and suggestions.
<b>6. How do you track sustainability reporting of your listed companies?</b>	Starting from 2019, the main tool to track sustainability reporting will be the ESG disclosure score based on FTSE Russell ESG assessment methodology. The ESG disclosure score was launched for London listed companies in October 2019 (see page 16).
<b>7. What incentives (i.e., public recognition/awards) and sanctions do you have in place to encourage disclosure and discourage non-compliance/ lower levels of transparency?</b>	FTSE Russell assesses ESG and green revenues disclosure and performance of companies globally and provides this analysis to investors around the world. This data is also used to construct the FTSE ESG Index Series, which highlight companies that meet good practice standards, and the Environmental Markets and Green Revenues Index Series. In addition, to promote disclosure, in 2018 FTSE Russell launched STEP Change, and engagement programme aimed at raising the awareness of global listed companies around their sustainability performance.

## Appendix i continued

### Transparency and Issuer Reporting continued

**8. What connections have you made between national sustainable development frameworks and goals, and your exchange's existing Standard and norms?**

LSEG ESG reporting guidance builds on national disclosure standards and norms across the UK and Italy. The EU Non-Financial Reporting directive was transposed in the UK and Italy during 2016, mandating public interest companies with more than 500 employees to disclose environmental, social, diversity, human rights and anti-bribery and corruption information. The guidance also builds on the recommendations of the Financial Stability Board's Task Force on Climate-Related Disclosures and the Sustainable Development Goals (SDGs). In 2018, Borsa Italiana joined the Technical Expert Group on Sustainable Finance set up by the European Commission to provide advice on a number of initiative included in the EU Action Plan on Financing Sustainable Growth. In particular, Borsa Italiana has been involved in the activities of the TEG sub-group focusing on climate-related disclosures, tasked with incorporating the TCFD recommendations into the Non-Binding Guidelines complementing the Non-Financial Reporting Directive, and the sub-group focused on the EU Classification System for sustainable activities (EU Taxonomy).

### Issuer Capacity Building

**9. If your exchange offers sustainability guidance for companies, please provide a description of the process for its creation.**

LSEG involved market participants in the creation of its ESG Guidance for issuers thorough investor and issuers workshops organized in the UK and Italy, and consulted other stakeholders (standard setters and responsible investment NGOs) before finalizing the guidance. In 2019, London Stock Exchange held a consultation on the evolution of its Sustainable Debt Markets (see page 16).

**10. Do you and/or your regulator provide guidance on externally assuring ESG disclosures? In your market, how common is external assurance of ESG disclosures?**

Assurance of ESG disclosure is mandated in Italy and the UK as part of the implementation of the EU Non-Financial Reporting directive. LSEG ESG guidance recommends enhancing the credibility of ESG information through internal and or external assurance (see "Investment Grade Data" chapter of the guidance).

### Collaboration and Engagement

**11. Who does your exchange view as its key stakeholders and how does it engage and collaborate (or plan to do so) with these and potentially other stakeholders?**

We do this is a range of ways including:

- We partner a large number of peer exchanges around the world and in some cases this explicitly covers ESG and ESG indices
- We respond to regulator consultations and have responded positively to consultations regarding issuer non-financial disclosure in the past
- We host events for issuers and ESG related initiatives, and LSEG in 2019 was involved in PRA/FCA Climate Financial Risk Forum, and as a member of the EU Technical Expert Group (TEG) on Sustainable Finance
- Through FTSE Russell we are involved in a large number of investor ESG collaborative bodies and initiatives including the UN backed PRI, UK SIF, US SIF, Forum per la Finanza Sostenibile (ITA SIF) Euro SIF, ICGN, Japan SIF and RIAA
- Through our involvement with the SSE initiative and the World Federation of Exchanges. In 2019, LSEG was part of the Advisory Group that developed guidance on the governance of sustainability within exchanges

## Appendix i continued

### Sustainable Products

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**12. How has your exchange supported the development of financial products that address sustainability-related issues (e.g., ESG Indices, carbon markets, social/environmental bonds, sustainable development funds, etc.)?**

LSEG's Global Sustainable Investment Centre aims to promote green and sustainable capital raising and deep integration of ESG consideration in the investment process across asset classes. The product portfolio includes green bonds in different currencies, renewable infrastructure funds, cleantech companies, green ETFs, ESG indexes and analytics, FTSE Russell's Green Revenues and analytics, and supporting tools such as LSEG ESG guidance. In 2019, London Stock Exchange launched its Green Economy Mark, recognizing issuers with more than 50% of their revenues deriving from the green economy as defined based on FTSE Russell Green Revenue data model (see page 18). In addition, in 2019 London Stock Exchange restyled its Sustainable Debt Markets (see page 15). For the new index products launched in 2019 see page 19.

### Exchange Needs

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**13. Are there any specific resources that you would like from the SSE or other relevant groups to help you in your sustainability work?**

The agenda of the SSE has already moved beyond disclosure, also addressing green finance and the role of regulators. The next step could be to carry out work on SDG8 regarding decent work and growth, which is one of the key SDGs identified by the SSE as relevant to exchanges.

**14. Are there any specific requests you have of investors, issuers and regulators in terms of their role in advancing sustainability in the market?**

LSEG looks forward to continuing collaboration with investors, issuers and regulators on the sustainable investment agenda. It is key to the continued success of ESG disclosure that issuers perceive how investors are shifting capital allocations in response to ESG and low-carbon economy considerations. Therefore we'll keep placing emphasis on the importance of investor-issuer dialogue on ESG issues, as a complement to high-quality ESG data flows. LSEG welcomes the recommendations of the Financial Stability Board's TCFD as a key development in the trend toward the global alignment of ESG disclosure standards.

# Appendix ii

## FTSE Russell quantitative ESG data points as referenced in the LSEG ESG Reporting Guidance

Relevance: =Likely =Possible

Indicator	Indicator sub code	Indicator description wording	2019	2018	2017	Relevance
Environmental	ECC14	Total operational GHG emissions data (Scope 1 & 2) is disclosed	<b>1,816 tCO<sub>2</sub>e</b>	8,546 tCO <sub>2</sub> e	13,667 tCO <sub>2</sub> e	
	ECC15	Total energy consumption data is disclosed	<b>71,161 MWh</b>	69,495 MWh	64,658 MWh	
	EPR18	Disclosure of NOX emissions (tonnes)	<b>Not significant</b>	Not significant	Not significant	
	EPR19	Disclosure of SOX emissions (tonnes)	<b>Not significant</b>	Not significant	Not significant	
	EPR21	Disclosure of volatile organic compounds (VOC) emissions (kilograms)	<b>Not significant</b>	Not significant	Not significant	
	EPR24	Disclosure of hazardous waste generation (tonnes)	<b>Not significant</b>	Not significant	Not significant	
	EPR25	Disclosure of non-recycled waste generation (tonnes)	<b>551 tonnes</b>	646 tonnes	735 tonnes	
	EPR26	Disclosure of waste recycled (tonnes)	<b>271 tonnes</b>	228 tonnes	211 tonnes	
	EPR27	Total costs of environmental fines and penalties during financial year	<b>0</b>	0	0	
	EPR28	Percentage of sites covered by recognised environmental management systems such as ISO 14001 or EMAS	<b>47%</b>	47%	47%	
	ESC30	Total GHG emissions data on properties disclosed	<b>2,154 tCO<sub>2</sub>e</b>	9,342 tCO <sub>2</sub> e	14,781 tCO <sub>2</sub> e	
	ESC31	Total energy usage data on properties disclosed	<b>71,161 MWh</b>	69,495 MWh	64,658 MWh	
	ESC32	Total water usage data from property portfolio disclosed	<b>103,970 m<sup>3</sup></b>	101,478 m <sup>3</sup>	109,243 m <sup>3</sup>	
	EWT11	Total water use/water extraction data is disclosed	<b>103,970 m<sup>3</sup></b>	101,478 m <sup>3</sup>	109,243 m <sup>3</sup>	
EWT12	Percentage of water recycled (non-potable) for use in own operations	<b>Not significant</b>	Not significant	Not significant		
Governance	GAC12	Disclosure of total amount of political contributions made <sup>5</sup>	The only political donations made in 2019 amounted to US\$29,000 was donated to political organisations by the LSEG US Holdco, Inc. employee operated PAC.	The only political donations made in 2018 amounted to US\$19,000 was donated to political organisations by the LSEG US Holdco, Inc. employee operated PAC.	£0	
	GAC13	Disclosure of number of staff disciplined or dismissed due to non-compliance with anti-corruption policy/policies	<b>0</b>	0	0	
	GAC14	Disclosure of cost of fines, penalties or settlements in relation to corruption	<b>0</b>	0	0	
Social	SHR17	Total amount of corporate or group donations/community investments made to registered not-for-profit organisations	<b>£1.7<sup>1</sup> million</b>	£1.5 million <sup>2</sup>	£1.2 million <sup>3</sup>	
	SHS12	Percentage of sites with OHSAS 18001 certification	<b>0%</b>	0%	6%	
	SHS13	Number of staff trained on health and safety standards within the last year <sup>4</sup>	<b>100%</b>	100%	100%	
	SHS15	Lost-time incident rate, over last three years	<b>24.27</b>	7.63	3.27	
	SHS38	Number of work-related employee fatalities	<b>0</b>	0	0	
	SHS40	Number of work-related contractor fatalities	<b>0</b>	0	0	
	SLS24	Full-time staff voluntary turnover rates	<b>10.5%</b>	11.0%	9.5%	
	SLS25	Percentage of employees that are contractors or temporary staff	<b>2%</b>	2%	3%	
	SLS26	Amount of time spent on employee development training to enhance knowledge or individual skills, using: a) Total hours as a company, or b) Average hours per employee	<b>a) 74,770 b) 15</b>	a) 63,150 b) 14	a) 41,675 b) 8.5	

1. This is the total cash charitable donation made by the Group in 2019, consisting of £1,616,000 to LSEG Foundation and £103,000 to other charities.

2. This is the total cash charitable donation made by the Group in 2018, consisting of £1,254,000 to LSEG Foundation and £207,000 to other charities.

3. This is the total cash charitable donation made by the Group in 2017, consisting of £1,122,000 to LSEG Foundation and £124,000 to other charities.

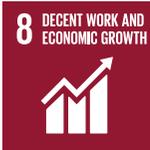
4. 100% of new staff received health and safety training.

5. All LSEG US Holdco, Inc. contributions will be reviewed for legal compliance and will be publicly reported in accordance with US election laws.

# Appendix iii

## Sustainable Development Goals

As the UN Sustainable Stock Exchanges initiative assesses that exchanges are well placed to have a measurable impact on five of the Sustainable Development Goals (SDGs), we align our strategy to them. This is also one of the frameworks recommended in our ESG Reporting Guidance.

SDG	Goal	Associated targets	LSEG impact
	Gender equality	Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life.	<b>Develop Sustain</b>
	Decent work and economic growth	Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formation and growth of micro-, small- and medium-sized enterprises, including through access to financial services.	<b>Grow Sustain</b>
	Responsible consumption and production	Encourage companies, especially large and trans-national companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.	<b>Disclose Transition Convene</b>
	Climate action	Improve education, awareness raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.	<b>Disclose Transition Convene Sustain</b>
	Partnerships for the goals	Enhance the global partnership for sustainable development complemented by multi-stakeholder partnerships that mobilise and share knowledge, expertise, technologies and financial resources to support the achievement of sustainable development goals in all countries, particularly developing countries.	<b>Develop</b>

# Appendix iv

## Task Force on Climate-related Financial Disclosures (TCFD)

Supporting the call for more effective climate-related financial disclosures to inform longer-term investment decision, in June 2017 LSEG signed a statement of support for the recommendations of the TCFD framework established by the Financial Stability Board. This table is also in our Annual Report on page 49.

The table below by cross-referencing relevant disclosures, summarises LSEG's current TCFD alignment.

TCFD recommended disclosures	LSEG approach	2019 enhancements	References
<b>Governance</b>			
a. Information on LSEG's governance around climate-related risks and opportunities: Board's oversight	<ul style="list-style-type: none"> <li>– LSEG Board has oversight of the Group Corporate Sustainability Policy, which includes our Environmental policy;</li> <li>– The Group CEO sponsors the Group CS Policy at Board level</li> <li>– The Group CFO reports to the Board on environmental matters</li> </ul>	<ul style="list-style-type: none"> <li>– Board Risk Committee presented with clearly identified non-financial risk framework as part of Group ERM, including climate-related risks</li> </ul>	<ul style="list-style-type: none"> <li>– Group Corporate Responsibility Policy</li> <li>– LSEG CS Report 2019: Environment section, page 33</li> <li>– Risk section of the Annual Report, page 73</li> <li>– LSEG Corporate Sustainability report 2019, Governance section, page 7</li> <li>– LSEG Annual Report 2019, Supporting Sustainable Growth section</li> </ul>
b. Information on LSEG's governance around climate-related risks and opportunities: Management's role	<ul style="list-style-type: none"> <li>– Group CS Committee chaired by the Group CRO comprise a number of Executive Committee members</li> <li>– The EMG is responsible for setting Group-wide targets, and managing and seeking to improve our environmental performance</li> </ul>		
<b>Strategy</b>			
a. Climate-related risks and opportunities identified over the short, medium and long term:	<ul style="list-style-type: none"> <li>– Impact of low-carbon transition and rise of green industries monitored by FTSE Russell through Green Revenues data model</li> </ul>	<ul style="list-style-type: none"> <li>– The Group has developed climate-related risk scenarios over both the medium and longer term to help identify how these risks may impact our business</li> </ul>	<ul style="list-style-type: none"> <li>– LSEG CS Report 2019: Environment section, page 36–42</li> <li>– FTSE Russell Green Revenues data model</li> </ul>
b. Impacts of climate-related risks and opportunities on LSEG's business, strategy and financial planning	<ul style="list-style-type: none"> <li>– Our EMG guides the Group's environmental strategy, and is responsible for setting Group-wide targets, managing and seeking to improve our environmental performance</li> </ul>	<ul style="list-style-type: none"> <li>– ESG and climate factors are becoming a mainstream consideration in investment decision making</li> </ul>	<ul style="list-style-type: none"> <li>– Strategy section of the Annual Report, page 15</li> <li>– For scenario analysis, see risk section of the Annual Report, page 73</li> </ul>
c. Resilience of the organization's strategy based on scenario analysis	<ul style="list-style-type: none"> <li>– We have been working on developing scenarios to identify the most material physical and transition risks for the business</li> </ul>	<ul style="list-style-type: none"> <li>– Scenario selection completed</li> </ul>	<ul style="list-style-type: none"> <li>– LSEG Annual Report 2019, Supporting Sustainable Growth</li> </ul>

## Appendix iv continued

TCFD recommended disclosures	LSEG approach	2019 enhancements	References
<b>Risk management</b>			
a. Information on LSEG's processes for: identifying and assessing climate-related risks	<ul style="list-style-type: none"> <li>Some climate-related risks have been categorised as emerging risks and it is acknowledged that they are inherently linked to other strategic, financial and operational risks</li> </ul>	<ul style="list-style-type: none"> <li>Training was delivered to Risk champions to enable effective identification and assessment of ESG risks, including climate-related</li> <li>The Group has developed climate-related risk scenarios over both the medium and longer term</li> </ul>	<ul style="list-style-type: none"> <li>LSEG 2019 CDP Response: Risk and Opportunities Section, questions C2.1–C2.3</li> <li>LSEG Annual Report: Principal risks and uncertainties – emerging risks section, page 73</li> <li>LSEG Annual Report, Supporting Sustainable Growth</li> </ul>
b. Information on LSEG's processes for: managing climate-related risks	<ul style="list-style-type: none"> <li>LSEG has taken proactive steps to develop its methodology to define and model how climate change impact its businesses. The aim is to reinforce the Group's resilience</li> </ul>		
c. Information on LSEG's processes for: how climate-related risks are integrated into LSEG ERM system	<ul style="list-style-type: none"> <li>LSEG continues to increase our focus on embedding these risks in our ERM framework and some climate-related risks have been categorised as emerging risks and it is acknowledged that they are inherently linked to other strategic, financial and operational risks</li> </ul>		
<b>Metrics and targets</b>			
a. Metrics and targets used by LSEG to assess and manage: relevant climate-related risks and opportunities	<ul style="list-style-type: none"> <li>Exposure of our markets to the green economy</li> </ul>		<ul style="list-style-type: none"> <li>LSEG CS Report 2019: Environment section, pages 33–42</li> </ul>
b. Metrics and targets used by LSEG to assess and manage: Scope 1, 2 and 3 GHG emissions	<ul style="list-style-type: none"> <li>Physical risk metrics are associated with LSEG environmental programme targets</li> </ul>		<ul style="list-style-type: none"> <li>FTSE Russell Report "Investing in the Global Green Economy: busting common myths", 30 May 2018</li> </ul>
c. Metrics and targets used by LSEG to assess and manage: Targets and performance	<ul style="list-style-type: none"> <li>LSEG sets environmental targets for business operations for 2020 and 2030 and reports against these targets externally on an annual basis</li> </ul>	<ul style="list-style-type: none"> <li>LSEG has submitted 2030 targets to the Science Based Targets initiative (SBTi) and is still working to obtain approval</li> </ul>	<ul style="list-style-type: none"> <li>LSEG Annual Report 2019, Supporting Sustainable Growth</li> </ul>

# Appendix v

## WFE Principles

Having joined the World Federation of Exchanges (WFE) in 2018, LSEG has committed to take on a leadership role in promoting the sustainable finance agenda. Below we summarise our efforts in 2019 to promote the Principles progressively in accordance with our circumstances and priorities.

### Principle:

**Principle 1:** Exchanges will work to educate participants in the exchange ecosystem about the importance of sustainability issues.

**Principle 2:** Exchanges will promote the enhanced availability of investor-relevant, decision-useful ESG information.

**Principle 3:** Exchanges will actively engage with stakeholders to advance the sustainable finance agenda.

**Principle 4:** Exchanges will provide markets and products that support the scaling-up of sustainable finance and reorientation of financial flows.

**Principle 5:** Exchanges will establish effective internal governance and operational processes and policies to support their sustainability efforts.

### Principles in action:

- Borsa Italiana third Sustainability Day to raise awareness among market participants and facilitate dialogue between issuers and investors on ESG and sustainability topics
- LSEG held a roundtable discussion on the emergence of transition bonds
- LSEG held its inaugural Sustainable Finance and Investment Summit

- We have introduced mandatory annual post-issuance reporting requirements for issuers on Sustainable Bond Market
- London Stock Exchange launched guidance report on Green Finance

- Our stakeholder engagement is outlined in the CS report

- FTSE Russell launched its Climate WGBI
- London Stock Exchange launched the Sustainable Bond Market and Green Economy Mark
- Borsa Italiana launched ExtraMOT PRO<sup>3</sup>

- We continue to assess the materiality of ESG and related risks to LSEG and to increasingly integrate these considerations into our Enterprise-wide Risk Management framework
- A description of our CS governance can be found in our CS report



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