Contents

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6 Our corporate responsibility strategy
8 Materiality review
9 Progress on our commitments

Part 2: 2016 Review
10 Key initiatives
12 Pillar 1 – Our Markets
17 Pillar 2 – Our Services
21 Pillar 3 – Our People
27 Pillar 4 – Our Communities

Part 3: Our Overall CR Performance
33 Data reporting overview
34 Environment
38 Social
41 Governance
44 Looking ahead
45 Appendix
Welcome to our 2016 Corporate Responsibility Report

“We have a strong commitment and clear plans to run our business on a responsible basis for the benefit of our clients, colleagues, shareholders and a range of other stakeholders.”

Xavier R Rolet, KBE
Chief Executive, London Stock Exchange Group

We value diversity as a driver for development and innovation. In 2016, we invited Brenda Trenowden, 30% Club Global Chair, and Caroline Dinenage, Parliamentary Under Secretary of State for Women, Equalities and Early Years, to open the market. The purpose of the 30% Club Investor Group is to help coordinate the investment community’s approach to the issue of gender diversity.

We recognise the important role that London Stock Exchange Group plays in supporting sustainable global economic growth, both through the way we manage our business and through the services we provide to financial markets. We have a strong commitment and clear plans to run our business on a responsible basis for the benefit of our clients, colleagues, shareholders and a range of other stakeholders. Our Group corporate responsibility (CR) policy sets out the way we conduct our business to ensure long-term value creation as a commercial organisation, taking into account our environmental and social impacts, and incorporating good practice governance.

As a global markets infrastructure business, our core purpose is to directly enable wealth and job creation: the markets we operate facilitate equity and debt funding, providing small, medium and larger businesses with access to capital and thereby giving them the chance to grow, create jobs and contribute to the broader economies in which they operate. Our FTSE Russell index and benchmarking services help investors make informed investment decisions based on a range of criteria, including environmental, social and governance (ESG) factors, and this year, FTSE Russell added Low Carbon Economy products to help investors in the transition to a ‘green’ economy. Our Post Trade businesses promote financial market stability through risk and balance sheet management services, while offering significant efficiencies for our clients. And just recently, we launched our new ESG Reporting Guidance to encourage and facilitate clear, comprehensive, consistent and relevant reporting of ESG matters. Our CR principles are being embedded across our business.

This report provides the latest annual update on our Group CR strategy, highlighting the developments and progress we have made across the year. We outline our approach, define what we think is relevant, and also look ahead to the further improvement of our activities and disclosures.

Thank you for taking the time to read this report. This year, we have enhanced and expanded the report and we hope it gives you further insight into the way we approach CR throughout our Group.

Xavier R Rolet, KBE

Message from our Group Chief Executive, Xavier R Rolet, KBE
Report at a glance

This report provides an annual update of the Group’s approach, aims and achievements across all aspects of CR. Our sustainability performance for 2016 is demonstrated through both quantitative KPIs and description of various initiatives and programmes that were put in place to implement our strategy and reach our targets.

Our CR Strategy is defined by a series of six impact areas and is executed through four pillars: Our Markets, Our Services, Our People and Our Communities. The structure is set out and explained in more detail on p.6-7.

<table>
<thead>
<tr>
<th>Our Markets</th>
<th>Our Services</th>
<th>Our People</th>
<th>Our Communities</th>
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<tbody>
<tr>
<td>2. Grow</td>
<td>4. Manage risk</td>
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</table>

– ELITE has grown to include over 460 companies from 25 different countries
– The ‘Companies to Inspire’ report series extended from UK to cover Europe and Africa
– LSEG became one of the founding members of the City of London’s Green Finance Initiative, promoting sustainable financial products and services
– FTSE Russell introduced new sustainable investment data models and indexes, and celebrated 15th anniversary of the FTSE4Good Index Series
– Key partnerships were established with emerging markets, especially Asia and Africa
– Our markets demonstrated resilience with 100% uptime in 2016, while LCH compression service reached a milestone of $1 quadrillion in notional compressed and Monte Titoli celebrated its 30th anniversary
– The second Group-wide employee engagement survey received an 82% response rate with an overall engagement score of 82%, an increase of 6% on our previous survey
– In 2016 LSEG became part of the first cohort of participating firms of the HM Treasury Women in Finance Charter, and we won the Corporate Women of the Future award
– We successfully rolled out our inclusive mind-set training to our leadership population, delivering 10 sessions across four offices and three countries
– LSEG Foundation donated over £1.3 million in 2016, and the impact of donations is closely aligned to its core mission of empowering people and enriching communities
– Mahoga platform was launched in Sri Lanka, attributed to the voluntary work of our employees to connect social investors, intermediaries and end beneficiaries
– New volunteering policy grants two paid days off per employee per year to support charities of choice

HIGHLIGHTS

Global Sustainable Investment Centre
launched in November 2016

ESG Reporting Guidance
developed throughout 2016 and launched in February 2017

Environment

-9%
Overall carbon footprint per FTE

Social

40%
Stretch target of female representation for senior management and overall population by 2020

Governance

100%
LSEG businesses certified as compliant with our Anti-Bribery and Corruption policies
Part 1:
London Stock Exchange
Group CR Strategy
Our corporate responsibility strategy

“We aim to play an essential role in enabling sustainable global economic growth, and ensure our behaviour and actions are consistent with CR good practice.”

Xavier R Rolet, KBE
CEO, London Stock Exchange Group

Our business and CR strategy are consistent with last year that our overall approach remains unchanged, while we are committed to refining our CR strategy continuously. In the past year we launched the Group’s ESG Reporting Guidance and the Global Sustainable Investment Centre as part of our strategy to create a sustainable investment environment and to be recognised as a global leader in sustainability performance.

LSEG STRATEGIC PILLARS

Delivering best in class capabilities
We continue to further develop our skills, tools and assets to ensure we are able to capitalise on emerging customer needs – driving increased operational efficiency so we always execute on time, and to budget.

Driving global growth
Three words that convey our commitment to continuing dynamic expansion across the value chain, products and geographies, and maximise value across the Group’s business.

Developing our partnership approach
A crucial difference between the Group and our major competitors. Through our Open Access philosophy, and driven by continued innovation, partnership creates optionality to develop commercial and corporate opportunities amidst constant industry and regulatory change.

Our approach to CR
– To play an essential role in enabling sustainable global economic growth
– To ensure our behaviour and actions are consistent with good CR practice while generating long-term value creation

Corporate responsibility is core to our business growth strategy
Believing that good CR practice underpins the delivery of an enhanced business performance, we set our twin CR objectives, quoted above, directly from our business strategy. Our business works within and supports prosperity and growth within local economies, and plays an integral role in sustaining the environment. This brings about continued long-term development of our business, while providing wider opportunities to the global community.

A clear and comprehensive CR strategy allows us to have a voice in key debates that affect our operations. It also creates a platform for interacting with influential stakeholders. The successful execution of our CR strategy is exhibited through the achievements made across 2016 listed in this report.

STRATEGY IMPLEMENTATION

Our CR strategy is defined by six impact areas (explained in the materiality review page) and is executed through the four pillars below:

1. Our Markets
   supporting the sustainable growth of companies for long-term economic prosperity

2. Our Services
   enabling informed investment decisions and transparent markets operations

3. Our People
   recruiting and developing diversified talent to fulfil their potential

4. Our Communities
   empowering people, enriching communities
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.

<table>
<thead>
<tr>
<th>SDG</th>
<th>Goal</th>
<th>Associated targets</th>
<th>LSEG impact area</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Gender equality</td>
<td>Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life</td>
<td>Develop</td>
</tr>
<tr>
<td>8</td>
<td>Decent work and economic growth</td>
<td>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</td>
<td>Grow</td>
</tr>
<tr>
<td>12</td>
<td>Responsible consumption and production</td>
<td>Encourage companies, especially large and trans-national companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle</td>
<td>Disclose Change</td>
</tr>
<tr>
<td>13</td>
<td>Climate action</td>
<td>Improve education, awareness raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning</td>
<td>Disclose Change</td>
</tr>
<tr>
<td>17</td>
<td>Partnership for the goals</td>
<td>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</td>
<td>Sustain</td>
</tr>
</tbody>
</table>
Materiality review

Before reporting any CR initiatives or activities from across the year, we assess their materiality within our CR strategic framework. The activities are cross referenced against the four pillars of our broad CR strategy, the six impact areas building on the pillars, and the GRI (Global Reporting Initiative) materiality definition, and are reported if all three checks are passed.

Altogether, this strategic framework provides a tool to (i) set coherent and congruent objectives with cross-Group impact, (ii) create aligned action plans, (iii) engage with staff to deliver value-add through innovative CR strategies, and (iv) engage effectively with external audiences and stakeholder groups.

GRI Materiality Definition
Materiality for sustainability reports has been defined by the GRI as content that:

– reflects the organisation’s significant economic, environmental and social impacts; or
– substantively influences the assessments and decisions of stakeholders.

The six impact areas and their materiality:

<table>
<thead>
<tr>
<th>OUR MARKETS</th>
<th>OUR SERVICES</th>
<th>OUR PEOPLE</th>
<th>OUR COMMUNITIES</th>
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<tbody>
<tr>
<td>CHANGE: We will help more companies improve the sustainability of their business, for example by actively encouraging a culture of sustainability performance disclosure.</td>
<td>DISCLOSE: We will provide investors with information and tools to assess the ESG performance of companies to enable incorporation into engagement and investment, for example through the continuing expansion of our ELITE programme.</td>
<td>MANAGE RISK: We will reduce risks and improve the efficiency of trading and clearing through our markets, for example through LCH’s provision of innovative services such as compression and portfolio margining.</td>
<td>DEVELOP: We will employ and invest in the development of a highly diverse global workforce to deliver on our sustainable vision, for example by helping colleagues take on a new challenge elsewhere in the Group in order to broaden their knowledge and experience.</td>
</tr>
<tr>
<td>GROW: We will help small and medium-sized enterprises (SMEs) raise capital and fund investments to create employment worldwide, for example through the continuing expansion of our ELITE programme.</td>
<td>– The growth agenda is supported by positive feedback from governments, the EU, our customers and NGOs addressing the issues of underemployment, and also provides guidance provided by the UN Sustainable Stock Exchanges initiative.</td>
<td>– These factors are of high interest to regulators, as reflected in regulations such as MiFID II and European Market Infrastructure Regulation (EMIR), and to the International Organisation of Security Commissions (IOSCO) and the Financial Stability Board.</td>
<td>– This is supported by feedback from investors, the charities with which we regularly engage and sustainability rating agencies. Our employees have a key role in shaping the agenda and delivering our programme, through their active engagement and in their capacity as shareholders.</td>
</tr>
<tr>
<td>DISCLOSE: We will provide investors with information and tools to assess the ESG performance of companies to enable incorporation into engagement and investment, for example through the continuing expansion of our ELITE programme.</td>
<td>– Investors increasingly regard ESG factors as relevant in their investment process, as we are aware through our relations with clients and partners, and also through the many collaborative industry initiatives that we take part in including a number of country and regional Sustainable Investment associations and the UN-supported PRI.</td>
<td>– The materiality of this focus area for our industry positioning, long-term success and stakeholders is underscored by the feedback we receive from the sustainability raters we have engaged with, including Dow Jones Sustainability Assessment and FTSE ESG.</td>
<td>– This is supported by feedback from investors, the charities with which we regularly engage and sustainability rating agencies. Our employees have a key role in shaping the agenda and delivering our programme, through their active engagement and in their capacity as shareholders.</td>
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**Progress on our commitments**

In the past year, we have continued to make good progress towards the commitments made in our CY15 CR report.

<table>
<thead>
<tr>
<th>Impact area</th>
<th>Commitment</th>
<th>Progress</th>
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<tbody>
<tr>
<td><strong>CHANGE</strong></td>
<td>“Develop LSEG’s guidance for listed companies on the voluntary disclosure of ESG information to investors, based on the framework set out by the UN Sustainable Stock Exchanges initiative.”</td>
<td>The Guidance was drafted over the course of 2016, involving market participants and other stakeholders in the development of the recommendations. The Guidance was launched in February 2017 and is available online at <a href="http://www.lseg.com/esg">www.lseg.com/esg</a> (p.11). During 2016, Elite Connect supported a number of corporate access initiatives led by the Group to limit their environmental impact. For example, during the whole programme of the Italian Equity Roadshow organised by Borsa Italiana, all the attending companies were offered the opportunity to use ELITE Connect as a complement to physical meetings, through webcast and digital follow up sessions (p.13).</td>
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<tr>
<td><strong>GROW</strong></td>
<td>“Continue the promotion of our ELITE Growth initiative, aimed at helping SMEs bridge the gap to long-term financing, with a view to further extending the model in emerging markets.”</td>
<td>In 2016, ELITE welcomed 157 new companies from 17 different countries. By the end of 2016, it has grown to over 460 companies from 25 different countries, which have aggregate revenues of £32 billion (p.13). On 22 September 2016, during LSEG’s first Capital Markets conference in Israel, the Group signed a Memorandum of Understanding (MoU) with Bank Hapoalim, Israel’s leading financial services group to support high growth companies and promote ELITE in Israel. On 16 November 2016, LSEG signed an agreement with Budapest Stock Exchange (BSE) to launch a tailored ELITE programme in Hungary, with BSE becoming ELITE’s first stock exchange partner in Europe (p.14).</td>
</tr>
<tr>
<td><strong>DISCLOSE</strong></td>
<td>“Contribute to enabling the transition to a low carbon economy through the provision of asset classes and Information Services for investors that help channel investment towards sustainable issuers and securities.”</td>
<td>London Stock Exchange welcomed the first green covered bond and forest bond to its markets, while Borsa Italiana continued to see strong demand for the World Bank’s sustainability bonds (p.16). Key product developments in the sustainable investment space this year included the launch of FTSE Russell’s Green Revenues (LCE) data model and the creation of the FTSE Climate Balanced Factor Index for adoption by a defined contribution pension scheme for its default equity fund (p.18).</td>
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<tr>
<td><strong>MANAGE RISK</strong></td>
<td>“Continue to develop products and services in the custody, clearing and settlement space that enhance our markets integrity and stability.”</td>
<td>We provided stable and safe markets throughout 2016, demonstrating markets resilience at times of high volatility. Comprehensive surveillance activities are operated to ensure markets integrity and efficiency (p.20). This year LCH launched LCH Spider, which aims at delivering capital and margin efficiencies for its clients. Monte Titoli, which celebrated its 30th anniversary, was the first large CSD to become fully operational in T2S (p.20).</td>
</tr>
<tr>
<td><strong>DEVELOP</strong></td>
<td>“Actively address diversity in our business operations, setting targets for gender representation and developing plans to counter unconscious bias.”</td>
<td>As a signatory of the UK Women in Finance Charter, in September 2016 LSEG published a 40% 2020 target for female representation in the overall workforce and in senior management. It also introduced the first series of unconscious bias training sessions, which were delivered to senior managers in early 2017 (p.24). In Q4 2016 LSEG re-administered its Group-wide engagement survey ‘Have Your Say’ with an 82% response rate (up from 80% in 2014) and a resulting engagement rate of 82% (up from 76% in the previous run) (p.22). In April 2016, the Group launched a new volunteering policy, enabling each member of staff to volunteer for up to two business days per year for a charity of their choice (p.31).</td>
</tr>
<tr>
<td><strong>SUSTAIN</strong></td>
<td>“Work toward the achievement of our revised 2016-2020 environmental targets, also comprising water and paper consumption and waste reduction objectives.”</td>
<td>The Group is on track to achieve its 2020 targets, having exceeded the revised 2016 ones. In particular, it recorded a significant reduction in emissions related to air travel, thanks to a significant uptake of video conferencing. The new paper consumption reduction target for 2016 was met on average across the Group (p.34-37). This year most of LSEG Foundation’s donations were aligned to its core mission to support young and disadvantaged people to get access to employment or self-employment and develop their full potential, with a minor share of the donation budget spent on emergency relief. Global charity partner UNICEF’s Zambian Girls 2030 project, aimed at helping young women in Zambia to get into formal employment, played a significant role in driving this alignment (p.28).</td>
</tr>
<tr>
<td></td>
<td>“Build on our longer-term charity partnerships to deliver a comprehensive programme aligned to LSEG Foundation’s mission to empower people and enrich communities.”</td>
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**Impact area**

**Commitment**

“Develop LSEG’s guidance for listed companies on the voluntary disclosure of ESG information to investors, based on the framework set out by the UN Sustainable Stock Exchanges initiative.”

“Leverage our online investor relations (IR) platform Elite Connect to promote more sustainable business practices in the financial industry.”

“Contribute to enabling the transition to a low carbon economy through the provision of asset classes and Information Services for investors that help channel investment toward sustainable issuers and securities.”

“Continue the promotion of our ELITE Growth initiative, aimed at helping SMEs bridge the gap to long-term financing, with a view to further extending the model in emerging markets.”

“Continue the development of products and services in the custody, clearing and settlement space that enhance our markets integrity and stability.”

“Actively address diversity in our business operations, setting targets for gender representation and developing plans to counter unconscious bias.”

“Scale up our staff engagement programmes, also leveraging our sustainability vision.”

“Work toward the achievement of our revised 2016-2020 environmental targets, also comprising water and paper consumption and waste reduction objectives.”

“Build on our longer-term charity partnerships to deliver a comprehensive programme aligned to LSEG Foundation’s mission to empower people and enrich communities.”
Part 2:
2016 Review

Revealing the full picture
Your guide to ESG reporting
Key initiatives 2016

LSEG is committed to corporate responsibility and we are keen to introduce innovative initiatives that support the sustainable development of our business and community. In 2016, our key initiatives included the Global Sustainable Investment Centre and the LSEG ESG Reporting Guidance, which cover all four pillars and exemplify how our diversified businesses share the same integral role of achieving sustainability.

Global Sustainable Investment Centre

1. Green capital flows
2. Green infrastructure
3. Analytics and indexes
4. Data quality and standards
5. Convening

This year, we launched our Global Sustainable Investment Centre, which is part of our strategy to create the most sustainable and climate-aligned investment environment in the world. We are well placed at the heart of global capital markets to integrate sustainable solutions deeply into both investment and capital raising. Consisting of five key pillars as listed above, our sustainable finance offering focuses on (i) green financing for issuers, both debt and equity; and (ii) information services, including indices and analytics.

Based on the strategy that business growth and sustainability are intertwined, the first two pillars correspond with Our Markets, while the third and fourth pillars correspond with Our Services. We believe that by developing innovative products and services across our businesses in close collaboration with clients and thought leaders, we will be able to use our position to convene the market on the transition to a sustainable and low carbon economy.

More details of the Global Sustainable Investment Centre can be viewed at: www.lseg.com/sustainable.

LSEG ESG Reporting Guidance

On 9 February 2017, LSEG issued guidance through the Global Sustainable Investment Centre, setting out recommendations for good practice in Environmental, Social and Governance (ESG) reporting. The global guide responds to demand from investors for a more consistent approach to ESG reporting, which is now a core part of the investment decision process. The Guidance is available on-line to both issuers and investors globally, and has been sent to more than 2,700 companies that have securities listed on LSEG’s UK and Italian markets with a combined market capitalisation of more than £5 trillion.

We have engaged companies of all sizes listed on London Stock Exchange and Borsa Italiana, and FTSE Russell has consulted asset owners and asset managers to understand key ESG reporting challenges. The Guidance builds on market standards such as the Financial Stability Board’s (FSB) Task Force on Climate-related Financial Disclosures report and the UN Sustainable Development Goals. The launch of the Guidance leverages the central role LSEG plays in the investment chain and support improvements in reporting, dialogue and data flow along the investment chain.

The full Guidance can be viewed at: www.lseg.com/esg.

Participation in market consultations on ESG disclosure and sustainable finance

We are an active participant in international and domestic public regulatory consultations, especially on ESG disclosure. In May, we responded to FSB Task Force consultation on Climate-related Financial Disclosures. Recognising that the ongoing transition to a low-carbon economy requires increased understanding of the concentrations of carbon-related assets and the financial system’s exposures to climate-related risk, we support the FSB’s aim to harmonise the existing ESG disclosure regimes. We also support recommendations for a simplified grading system for climate risk information directed to retail investors.

As a global market infrastructure provider, we have a unique position acting as a natural link between the issuers and investors and promoting fair and transparent markets and sustainable investment. We engaged with the European Commission and the UK and Italian governments regarding the Non-Financial Reporting Directive and the related Guidelines. In our consultation from our May response, we acknowledge that so called “non-financial” risks can turn into financial risks. We encourage disclosure regulations and recommendations to be investor-focused and ‘demand-driven’, and strike a balance between encouraging supply of consistent, easily comparable and reliable data and the need to avoid overly prescriptive requirements, particularly where global consensus has not yet been reached. To strengthen our messages, throughout the year, we participated in the Commission-run industry workshops, organised bilateral meetings and finally in December, we joined the European Commission High Level Expert Group on sustainable finance.

As a part of our global engagement, in July, we responded to the SEC Concept Release on Business and Financial Disclosure Required by Regulation S-K in the US. We welcomed SEC looking at the area of ESG disclosure, and stressed the need for a globally coordinated approach based on appropriate international standards and guidelines.

Aside from engaging with the regulators, we are an active contributor to the industry-led debates, as a member of UKSIF, Eurosif, Japan SIF, US SIF, ICGN, the UN-supported Principles for Responsible Investment, and Sustainable Stock Exchanges initiative.

Green Finance Week

FTSE All-World ex CW Climate Balanced Factor Index
Smart beta index accounting for risks and opportunities associated with climate change

IFC Forests Bond
An innovative market-based mechanism deepens carbon markets to protect forests

People’s Bank of China Green Covered Bond
The first dual recourse green bond and the first green covered bond out of China

7-11 November 2016 was our Green Finance Week, during which we introduced a number of green innovations to the markets.
Our Markets
supporting the sustainable growth of companies for long-term economic prosperity
Pillar 1 – Our Markets

“We help SMEs and future-oriented asset classes raise capital in our markets, believing that they are key elements of long-term economic prosperity.”

Raffaele Jerusalmi
Group Director of Capital Markets

Our CR strategy relating to our role as a provider of vital capital market infrastructure focuses on ‘change’ and ‘growth’ that underpin our overarching goal of encouraging sustainable growth.

HIGHLIGHTS
- ELITE has grown to include over 460 companies from 25 different countries
- The ‘Companies to Inspire’ report series extends from UK to cover Europe and Africa
- LSEG became one of the founding members of the City of London’s Green Finance Initiative, promoting sustainable financial products and services

Impact area – CHANGE
Italy Corporate Governance Conference

On 1 and 2 December 2016, Borsa Italiana hosted the second Italy Corporate Governance Conference organised by Assogestioni and Assonime, attracting issuers, institutional investors, regulators and institutions to discuss the evolution of corporate governance in Italy and Europe. It aimed at establishing a public dialogue on how corporate governance can contribute to economic growth.

During the two-day debate, the Conference focused on the development of stewardship activities by investors, and the role of shareholders in the approval of remuneration policies and related parties transactions. Further discussion on corporate governance and long-term decision making processes, as well as the greater importance of the board of directors’ role in light of the wider-spread ownership structure, helped to encourage dialogue on sustainability issues and reporting.


Impact area – GROW
ELITE

ELITE is LSEG’s international programme to support high quality and high growth private companies. Since its launch in Italy in 2012 and the UK in 2014, ELITE has continued to expand. It launched in Morocco in April 2016 following the collaboration agreement signed between LSEG and Casablanca Stock Exchange (CSE) in 2015. The first 12 companies joining ELITE in Morocco ranging from technology to retail will eventually join the full pan-European ELITE community.

In 2016, ELITE admitted 157 companies from 17 different countries. By the end of 2016, it has grown to over 460 companies from 25 different countries, with aggregate revenues of £32 billion. This demonstrates our commitment to supporting worldwide SME growth and open access philosophy.

The launch of ELITE Club Deal, which is an online private placement platform dedicated to ELITE companies, was announced in July 2016.

170,000
Aggregate employees in Elite companies
Pillar 1 – Our Markets continued

ELITE partnership with Bank Hapoalim and BSE

On 22 September 2016, during LSEG’s first Capital Markets conference in Israel, the Group signed a Memorandum of Understanding (MoU) with Bank Hapoalim, Israel’s leading financial services group, to support high growth companies and promote ELITE in Israel. The Israeli companies community in London is active and fast growing, with 29 Israeli businesses already listed on London Stock Exchange across the Main Market and AIM, and three as part of ELITE’s vibrant community.

On 16 November 2016, LSEG signed an agreement with Budapest Stock Exchange (BSE) to launch a tailored ELITE programme in Hungary, with BSE becoming ELITE’s first stock exchange partner in Europe. ELITE and BSE will jointly select Hungarian companies, while a dedicated ELITE support team will share their knowledge with BSE representatives, guiding them on how best to implement ELITE locally.

1000 Companies to Inspire

The ‘Companies to Inspire’ report series is part of LSEG’s strategy to identify the fastest-growing and most dynamic small and medium-sized businesses.

Issuing the third edition of 1000 Companies to Inspire Britain this year, we expanded it to cover Europe as well, launching the first 1000 Companies to Inspire Europe. Working with independent researcher, DueDil, itself a leading UK SME, we developed the methodology and examined in detail the sectors and trends that will shape the future of the British and European economies. The report series helps these SMEs to find opportunities and channel investment to grow and employ.

A full searchable database can be found online at www.1000companies.com.

50%
Average growth rate of the 1000 UK companies

66%
Average job creation rate by the most dynamic SMEs

Companies to Inspire Africa (CTIA)

We make a continuous effort to raise awareness in emerging markets and have a long history of supporting investment in African companies and the development of African capital markets.

Identifying a gap between African SMEs and global institutional investors, LSEG is undertaking an unparalleled research project, in partnership with African Development Bank, CDC and PwC, to reveal Africa’s private and high growth SMEs in ‘Companies to Inspire Africa’ unveiling in 2017. ‘Companies to Inspire Africa’ is a first-of-its-kind periodic report, which will champion the wider micro-economic climate in Africa and highlight the key success stories that have attracted private equity firms, funds and development finance institutions to invest in these inspiring companies.

Sustainable initiatives of our markets

LSEG, as a leading international markets infrastructure provider and a facilitator of the dialogue between issuers, sell side and investors, is ideally placed to help promote good practice across the industry. We joined the Sustainable Stock Exchanges initiative, backed by the United Nations, with the aim of supporting the transition to a low environmental impact economy. We adhere to the Climate Bonds Initiative and are compliant with the ICMA’s Green Bonds Principles. We are also one of the signatories of the Paris Pledge for Action.

From February 2017, Borsa Italiana has started to offer institutional and retail investors the possibility of clearly identifying a list of instruments, whose proceeds are destined to finance projects which benefit or impact environmental (‘Green Bonds’) and/or social (‘Social Bonds’) projects. These sustainable bonds will be certified by an independent third party entity.

11
Sustainable bonds denominated in nine different currencies, issued by the World Bank and listed on our markets
Pillar 1 – Our Markets continued

Participation in the National Dialogue on Sustainable Finance

Borsa Italiana took part in the National Dialogue on Sustainable Finance led by the UNEP Inquiry on behalf of the Ministry of the Environment, with the objective of identifying the barriers and the opportunities related to the upscaling of green finance in Italy.

The initiative involved market participants, civil society and government, and resulted in the launch of the ‘Financing the Future Report’ presented at the Bank of Italy in February 2017. The report offers a series of recommendations both for financial institutions and policymakers, on which the Italian Presidency of the G7 will build over the course of 2017.

Green Finance Initiative (GFI)

We are proud to have been one of the founding members of the Green Finance Initiative of the City of London in 2016. The GFI’s goal is to promote London’s status as a leading global centre for the provision of green and sustainable financial and professional services, to advocate for specific regulatory and policy developments and to provide public and market leadership on issues relating to market impediments and opportunities. In addition to our contribution to the GFI by providing strategic oversight in the quarterly senior-level GFI Plenary meetings, we continue to fulfill our responsibility to bring together all of our market users to support green finance, including the launch of Green Finance Week in November 2016.

Green Finance Roundtable

In November 2016, London Stock Exchange hosted an investor green finance roundtable ahead of COP22 in Marrakesh, in collaboration with the Green Investment Bank.

The roundtable was based on recent Green Finance issues such as G20 announcements on scaling up green finance, China’s new Guidelines for Establishing the Green Financial System and the Financial Stability Board’s Task Force on Climate-related Financial Disclosures. The discussion considered how the investment community and LSEG can support the growth and development of the green bond market.


Green Infrastructure Investment Coalition (GIIC)

Hosted by London Stock Exchange, the GIIC forums for India and Brazil were held on 30 June and 8 Dec 2016 respectively. Launched at COP21 Paris, GIIC’s aim is to bridge the climate finance gap, linking high level emission reduction pledges and national climate plans with project pipelines and market participants.

These two forums served as an opportunity for investors to gain crucial early visibility of future green deal-flow and to provide feedback on the structuring of financing instruments. They also highlighted the ambition of India and Brazil, two of the world’s largest emerging economies, to build a sustainable development model. By hosting these forums, we are taking positive steps to boost green finance as these countries look to access new sources of funding.

10th

Rank of Borsa Italiana among global stock exchanges in terms of revenues from listed companies involved in the green economy.
Pillar 1 – Our Markets continued

Green Bonds

London Stock Exchange is a partner exchange of the United Nations Sustainable Stock Exchanges initiative and an Observer to the Green Bond Principles (GBP). We have launched a range of dedicated ‘green bond’ segments, offering issuers a flexible range of market models, covering both Regulated Market (RM) and MTF segments, comprising retail and wholesale, and offering the choice of trade reporting, end-of-day and continuous quoting.

In 2016 alone, 14 new green bonds in five different currencies were listed on London Stock Exchange, including the first Chinese green covered bond issued by Bank of China. This bond is backed by a portfolio of domestic Chinese climate-aligned bonds. Altogether, there are 40 green bonds listed on London Stock Exchange with a total of US$10.5 billion. London Stock Exchange is also home to a number of global first green bond issuances from India’s Axis Bank, China’s Agricultural Bank of China, Japan’s Development Bank of Japan and the IFC, a member of the World Bank Group.

Green Exchange-Traded Funds

LSEG is a committed supporter of green financing and we see huge growth potential for the sector. We actively encourage responsible investment by providing a framework for listing ETFs that track socially responsible and environmentally friendly indices.

In 2016, Borsa Italiana welcomed five new socially responsible ETFs to be listed in their markets, while there were three new ESG ETFs listed on London Stock Exchange.

£860 million
Total turnover of green ETFs traded on London Stock Exchange in 2016

Renewable infrastructure funds

Over the last few years the listed funds market has seen the emergence of a new type of fund. Renewable infrastructure funds listed on London Stock Exchange are worth a combined £3.4 billion and have raised £2.7 billion since 2013. The closed end structure is not only beneficial to the fund managers who do not have to deal with the possible redemptions associated with the open end fund structure, but also beneficial to investors who do not suffer any cash drag as a result of uninvested cash held in the fund to service these redemptions. The listed structure allows smaller investors to access a strategy that would otherwise be unavailable to them through a separate account or open end fund. The funds are invested in solar or wind assets or a combination of the two.

This is a good example of companies making use of the structures allowed on London Stock Exchange markets to provide investors with returns from renewable investments.

Charity Bonds

In April 2016, the Charities Aid Foundation (CAF) listed the CAF Retail Charity Bond, which raised £20 million in one week, with strong demand from both institutional and retail investors leading to the offer period closing over-subscribed a week early.

This was the third bond to be launched via Retail Charity Bonds plc, a platform that issues eligible bonds for UK charities, in response to increased investor demand for instruments with a socially responsible and ethical impact.

Since June 2015, London Stock Exchange has waived admission fees for charity bonds that list on its Order book for Retail Bonds (ORB). This demonstrates our commitment to make the platform more affordable for charities to access the finance they need to deliver their mission.
Our Services
enabling informed investment decisions and transparent markets operations

Launch of FTSE4Good 15-year anniversary report:
Past, present and future of sustainable investment
Pillar 2 – Our Services

“Our services enable market participants to integrate sustainability into the investment process, and we are committed to promoting risk-based approaches that underpin market integrity.”

Mark Makepeace
Group Director of Information Services

The Group provides critical infrastructure services that support and enable sustainable growth, from market failure prevention mechanisms to responsible investment and international knowledge sharing solutions, through an Open Access approach that underpins all our operations. Our services aim to help investors and market participants make informed and sustainable investment decisions and execute them efficiently, safely and cost-effectively.

KEY SUMMARY
– FTSE Russell introduced new sustainable investment data models and indexes, and celebrated 15th anniversary of the FTSE4Good Index Series
– Key partnerships were established with emerging markets, especially Asia and Africa
– Our markets demonstrated resilience with 100% uptime in 2016, while LCH compression service reached a milestone of $1 quadrillion in notional compressed and Monte Titoli celebrated its 30th anniversary

Impact area – DISCLOSE
Sustainable Investment Services
A common goal among financial institutions such as pension funds, insurance companies, asset managers and banks is to achieve better risk-adjusted investment results by incorporating sustainability parameters into overall portfolio construction and asset allocation processes. It is therefore neither a matter of box-ticking nor a public relations exercise, as some have regarded this area in the past. Instead, it is a source of additional data and information that enables a better analysis and understanding of a company’s future prospects—both a way of recognising a fundamental shift in the global economy and of fulfilling a fiduciary duty to the ultimate asset owners and beneficiaries.

FTSE Russell has capabilities to support these market needs by providing data and index solutions focussed on responsible operational corporate behaviour (ESG), hydrocarbon reserves and carbon emissions (CO2e) and companies who are generating green revenues by providing solutions to global and local environmental issues and the transition to a Low Carbon Economy (LCE).

Examples have included helping a large European Pension Fund to shift capital to sustainable investments by using FTSE Russell’s Green Revenues (LCE) data model, and facilitating a corporate pension to make their default DC pension fund climate risk tilted, using a custom built FTSE Russell ‘Smart Sustainability’ index (see box). The United Nations Environmental Programme (UNEP) has also used the Green Revenues (LCE) data model in its research.

SMART BETA MEETS SMART SUSTAINABILITY: ESG INTEGRATION INTO PASSIVE INVESTING
This ‘Smart Sustainability’ index launched in November 2016 was developed jointly with HSBC Bank UK Pension Fund and with Legal & General Investment Management (LGIM). The index was designed and built over a nine-month period using FTSE Russell’s ‘building blocks’ approach to bringing risk premia factors and ESG parameters together into index design. LGIM then used the index for its new Future World Fund, which HSBC Bank UK Pension Scheme then selected for its equity default option, worth £1.85 billion, in its DC scheme. The index combines a smart beta factor approach alongside climate change considerations. The innovative index methodology tilts constituent weights to provide increased but balanced exposures to value, quality, low volatility and size factors. It then incorporates climate change considerations through three parameters, namely carbon emissions efficiency, fossil fuel reserves and the green revenues of constituents. The FTSE All-World Index, which contains large and mid cap stocks in developed and emerging markets, is the underlying universe of eligible securities for the index and companies involved in manufacturing weapons banned under international treaties such as cluster munitions and land mines are also excluded.

$2.9 trillion
Aggregate market capitalisation of companies with revenue from green industrial sectors, approaching the market cap of Emerging Markets (as of June 2016)
Pillar 2 – Our Services continued

FTSE4Good 15th Anniversary and new ESG Ratings data model

Since the launch of the FTSE4Good Index Series in 2001, sustainable investment models have moved from niche to norm, with the consideration of ESG factors now seen as standard for most large institutional investors. Over the same period of time the number of indicators FTSE Russell uses to assess ESG performance has grown from around 40 to over 300 data points which are reflected in the ESG Ratings data model. This granular corporate ESG data is now available on FTSE Russell’s online client data platform.

On the occasion of the 15th anniversary of FTSE4Good, a number of enhancements and launches took place:
– the online data platform was enhanced through the underlying data being made available, hence provided with clients access to a deep and detailed online ESG database;
– the flagship FTSE4Good Index Series was extended by launching the Emerging Markets Index and Emerging Latin America Index. These complemented the recently launched FTSE4Good ASEAN 5 Index; and

4100+
Companies covered by the new ESG Ratings data model

Promoting ESG integration along the investment chain

Throughout 2016, FTSE Russell initiated and participated in a number of events as part of our initiative to share knowledge across developed and emerging markets.

We spoke at over 50 conferences and seminars on sustainability all around the world, including in Australia, France, Italy, Japan, Malaysia, Singapore, Sweden, the Netherlands, the UK and the US. Our involvement in these events was as technical experts to support cross-learning including on ESG integration by investors, better reporting by issuers, and improved dialogue along the investment chain.

Commitment to sustainable economic growth in Africa

LSEG is committed to assisting in the development of African capital markets, and launched the London Stock Exchange Africa Advisory Group (LAAAG) in March 2016, with the broad objective of bringing together African business leaders and senior representatives from pan-African economic bodies. This will provide the opportunity to discuss the challenges and opportunities presented by the development of Africa’s capital market infrastructure, such as ways to increase the organic growth rate in African economies. Since its launch, we have covered topics including Green Financing for Africa, Market Efficiency through Regulatory News Dissemination and the ways to develop an equity culture in Africa.

This focus on Africa was also a driver for us holding the London & Lagos’ Capital Markets in Partnership Conference in October 2016 where topics covered included governance and green finance. The conference featured senior Nigerian figures from government, business and capital markets alongside counterparts from the UK.

Africa is an important market and London Stock Exchange has the largest concentration of African publicly quoted companies other than Johannesburg, with more than 113 companies from Africa and a combined market capitalisation in excess of US$200 billion listed on our markets.

Continued progress by LSEG Academy in developing emerging markets financial capabilities

As part of LSEG Academy’s work in support of emerging markets, this year a nine-day capacity building programme ‘Inside a Commodities Exchange’ was delivered to a delegation of five senior managers from the Mozambique Commodities Exchange. A team of experts, internal and external to LSEG, drove the MCE senior management team to get a thorough grounding on the mechanics of evolved commodities exchanges and markets.

In 2016, LSEG Academy has supported the Casablanca Stock Exchange ELITE team in the design and delivery of the ELITE Morocco training phase. The ‘peer-to-peer learning’ approach and open access philosophy pervading the 10-day programme contributed to shortening the distance between finance and the real economy. It enhanced a positive cross-fertilisation of management practices between the local and international experts and the representatives of the 24 ELITE Morocco companies.

Asian and African emerging markets exchanges that have benefited so far from LSEG Academy knowledge sharing schemes

48
Senior managers from the selected companies who actively participated in the LSEG Academy ELITE Morocco training sessions
Pillar 2 – Our Services continued

Casablanca Stock Exchange goes live with MillenniumIT
Following a strategic cooperation agreement signed in 2014 with Casablanca Stock Exchange, LSEG continues to share its expertise on the full exchange business chain. In August 2016, CSE successfully went live with Millennium Exchange for equities and fixed income trading and Millennium Surveillance to monitor trading and detect unusual behaviour. Flexible and robust Millennium IT technology will help CSE adapt to the local market’s needs in a cost efficient manner. This also supports CSE's future growth strategy as it expands its activity in the North West and Central African regions.

MillenniumIT has a long history of working with exchange operators in emerging markets. Out of more than 40 trading venues globally, its technology is now live at 15 emerging and frontier exchange operators around the world, including the Johannesburg Stock Exchange, Nairobi Stock Exchange, Egyptian Stock Exchange and Bolsa De Valores Lima.

Impact area – MANAGE RISK
Markets resilience and surveillance
Providing orderly and efficient markets is something that has always been central to the way the operating environment is managed by the Group. During 2016, the resilience of our markets was proven during the very high transaction volumes and volatility experienced after the UK referendum, US election and Italian referendum.

We will continue to manage our resources to ensure our organisation adopts the highest standard of resilience and is adequately prepared for any future volatility.

We operate comprehensive surveillance activities that ensure the integrity and efficiency of markets for all participants. As part of the Group’s ongoing development and investment, the technology used to provide these services was substantially upgraded during 2016. We continue to work closely with regulators to provide orderly and efficient markets.

Open Access
Open Access is at the core of our philosophy and Open Access markets are the future of financial infrastructure. Open Access offers customers choice, transparency and partnership across all of our geographies and businesses.

Based on these principles, we launched LCH Spider in May 2016, which is available on an Open Access basis.

LCH Spider is a new portfolio margining service for interest rate derivatives that is connected to CurveGlobal, another new venture of the Group with an Open Access approach.

Enhanced compression services
LCH’s interest rate derivatives compression service reached a landmark milestone in May 2016. SwapClear has compressed a total of over 8.4 million cleared trades, representing $1 quadrillion in notional since it started offering compression services in 2008.

This achievement follows a number of recent enhancements to SwapClear’s compression offering which have significantly expanded the number of trades eligible for compression, demonstrating our dedication to supporting our members and their clients in achieving operational efficiencies and capital savings.

Settlement and clearing enhancements in Italy
To celebrate 30 years since Monte Titoli was legally designated the only approved depository of Italian financial instruments, we introduced the publication ‘The Future is Now’. Monte Titoli continues to strengthen its presence in Europe by serving its clients with a full set of core and added value services for T2S markets. It was the first large CSD to become fully operational in T2S, creating pan-European securities settlement on one platform and increasing efficiencies by reducing cross border fees while adopting a more Open Access model.

In collaboration with the Institute of Complex Systems, the National Research Council and Sapienza University of Rome, CC&G introduced an innovative network-based stress test methodology for CCPs in response to ESMA’s request to model interconnections in the financial system. The new methodology is based on a network characterisation of CCP’s clearing members, linking them through direct credits and debits. This model will be suitable to be promoted as a new benchmark for CCPs stress test practices as it fully meets ESMA’s call. Its innovative and sound risk framework also benefits customers.

100% Availability of UK equity market during 2016

$1 quadrillion
Notional compressed since LCH began offering compression services in 2008
Our People
recruiting and developing diversified talent to fulfil their potential
Pillar 3 – Our People

“Enhancing our colleague engagement is fundamental to our success at LSEG, as it is our people who deliver the extraordinary outcomes of which we as an organisation are so proud. The innovative spirit of the Group, its international outlook and its desire to improve everything we do, provide us with a foundation to introduce a range of actions, identified by our employees to enhance the way we attract, retain and develop our people.”

Tim Jones
Group Director of Human Resources

We rely on the critical skills and focus of our colleagues to deliver our strategy, and to bring our values of Integrity, Partnership, Innovation and Excellence to life. That is why the engagement of colleagues is pivotal to our organisation.

Impact area – DEVELOP

Employee engagement – Have Your Say

The engagement of our colleagues is key to the continued growth of the Group, which is why we were so pleased to see the improvements in our latest colleague engagement survey – Have Your Say. Our colleagues continue to support the survey with an increased response rate of 82% across the Group driven by our Divisional engagement champions. With £2 per completed survey being given to charity, employees raised over £7,000 for the Unicef UK Children’s Emergency Fund.

In 2016, our overall engagement index increased by 6% to 82%, outperforming the external benchmark and highlighting the pride and commitment our colleagues have for LSEG. The vast majority of question scores increased too, with 70% of section totals also increasing beyond the external benchmark and scores on pride, longevity, endeavour, advocacy and care notably advancing. The three Group-wide action areas from the 2014 survey – strategic intent and leadership, collaboration and innovation, and personal and career development, also saw improvements as a result of the action taken by our leaders and colleagues following the survey. One such programme targeting improving innovation and collaboration across the Group saw cross-Divisional rapid response teams come together to propose solutions to existing problems and then present their proposals to the Executive Committee for the opportunity to turn them into a reality. The solutions included a green exchange, an approach for talent mobility and a blockchain technology strategy.

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But of course there is more that we can do. In 2017 we will continue our focus on increasing colleague engagement focussing on three areas key to our continued growth: collaboration, change, and career satisfaction. As we did in 2014, we will ask our colleagues to identify action plans that support these themes with a target of further improving employee engagement. We are also seeking to refine our assessment of engagement, for example, in 2017 we will utilise continuous listening solutions to ensure we understand and can respond to colleague opinion and feedback in real-time.

82%

Overall LSEG engagement score, up 6% from 2014
**Career framework**
In response to colleague demand in Have Your Say for greater clarity around career development, and to provide career opportunities and development for our talented employees, we have embarked on a two-year programme to develop a Group Career Framework – ‘Futures’. This framework will introduce globally consistent career stages, capabilities and job families and will enable colleagues to explore opportunities and plan in an informed way the development they need to undertake in order to progress in their chosen career path.

During 2016, we identified career stages, built the core capabilities and identified the Group’s key job families. We also piloted the build of three job families (Finance, Sales & Relationship Management and Technical Services) with these areas due to launch in early 2017. The remaining job families will be launched in waves across 2017 providing greater clarity to our employees.

In conjunction, we have also placed greater focus on internal mobility with more opportunities across our Group accessed via a portal for all of our global colleagues including an ‘Opportunities of the Month’ feature. There are also additional improvements planned in 2017 utilising technology platforms to enhance colleague mobility and cross-Divisional collaboration.

**Colleague recognition – CEO Awards**
Our CEO Awards represent our first Group-wide recognition scheme and are sponsored by the Group’s Chief Executive, Xavier Rolet. The initiative responds to feedback from the 2014 employee engagement survey in which colleagues asked for greater recognition for ‘a job well done’. There are seven award categories, four of which are designed to celebrate the way colleagues demonstrate the Group’s values of Integrity, Partnership, Innovation and Excellence and we also have awards for customer partnership, sales and commitment to responsible business.

Last year, more than 150 colleagues were nominated and 39 colleagues were recognised with awards across the seven categories. Each award winner received a commemorative trophy, a personal gift in acknowledgement of their achievement as well as recognition from the LSEG Executive Committee. In addition, £1,000 was donated by the LSEG Foundation to a charity of each winner’s choosing.

This year there is also a new, exciting reward in the ‘Commitment to responsible business’ category: the opportunity for the category winner or winners to experience the work of UNICEF, our global partner charity, by visiting one of its projects in the field. This includes the possibility of visiting LSEG’s very own UNICEF project in Zambia.

**Learning and development**
Over 1,500 colleagues globally have participated in one of our twenty core curriculum programmes over the course of 2016. In developing the core curriculum we have focused on meeting the needs of our colleagues. For example, to enhance Group-wide knowledge of our sector, we introduced a Financial Markets Masterclass and are also running a pilot with Fitch online training for a broader global roll out. A number of Personal Effectiveness programmes have been developed to sharpen the soft skills of our colleagues, ranging from presentation skills and time management to emotional agility and influencing training. We also continue to roll out our People Management Essentials programme which through a blend of instruction, guidance, group discussion and simulation outlines what is expected of managers at LSEG.

In addition, we have a follow up programme, Excellence in People Leadership, which more experienced managers can benefit from.

After launching The Learning Exchange, our first Group-wide online platform to support employees’ development, we continue to enhance its capability by providing the ability for colleagues to view content and request to enrol onto our core curriculum of programmes online. We have also launched Lynda.com which is an on-demand online learning platform that offers content including thousands of video courses on a wide range of topics. Colleague adoption has been strong particularly with our millennial population and across our global offices.

Online training hours among our colleagues globally within six months of the launch of Lynda.com
Pillar 3 – Our People continued

**Women in Finance Charter**

In 2016 we became part of the first cohort of participating firms for HM Treasury’s Women in Finance Charter, as part of an increased focus on diversity and inclusion across the Group. We have set ourselves a stretch target of 40% female representation for senior management and our overall population by 2020, which compares to a current FTSE100 average of 33%. At the end of 2016 our Group overall female representation stood at approximately 30%, while similarly 30% of our senior management team are female.

To improve this our Executive Committee has agreed a Group Diversity and Inclusion (D&I) approach and action plan and committed to sponsor, advocate, focus action and measure progress of diversity objectives across the Group. As an additional signal of our commitment we have also formed a Diversity and Inclusion group made up of colleagues committed to meeting regularly, assessing progress and driving us towards our goal.

**Women Inspired Network**

Celebrating its second year, the Group’s global Women Inspired Network (WIN) continues to nurture female talent at all levels across our global offices. It has now been launched in London, Milan, New York and Paris, and was extended to Seattle this year. Under the WIN umbrella, there are three pillars of work:

- **Winning Communities** aims to inspire the next generation of female leaders and has worked with City Gateway, Skill Force and Inspiring Women, part of Inspiring the Future to reach out to organisations outside the typical City network such as school and charities.
- **Winning Networks** is a member of the London Women’s Forum to strengthen the Group’s brand and broaden our network opportunities. This year it celebrated our first ever Women’s Week and saw 100 Women in Hedge Funds open trading in London.
- **Winning People** aims at nurturing talent within the business and providing all employees with the best possible chance of succeeding in their career through initiatives like Mentor Exchange.

**2016 Women of the Future Awards**

In November 2016, LSEG won the ‘Corporate Award’ at the 2016 Women of the Future Awards, which is a platform for successful young women in Britain. The Corporate Award recognises the organisation in the UK that is doing the most to support and nurture young women in business, that realises the talents of the younger women within the workforce and that drives positive social change that will enable younger women to prosper.

**Open Mind-sets**

Our ‘Open Mind-sets’ programme explores key themes of difference, inclusive culture, unintended or unconscious bias as well as performance. The programme was launched to our senior leadership population, where we delivered 10 sessions across four offices and three countries. Executive Committee members and Functional Heads sponsored the sessions with all senior leaders taking part. Feedback was overwhelmingly positive with participants committing to behaviour change. Our next step in this space is to provide training for all colleagues across the globe with a web based learning platform and toolkit complemented by a series of webinars.

**Diversity and Inclusion**

At LSEG, we have long believed that diversity amongst colleagues and a commitment to equal opportunities for all are key drivers for development and innovation. Maintaining this inclusive culture is a significant contributor in all our efforts to fully engage with our colleagues, partners and the global communities in which we operate.

In addition to WIN, Diversity and Inclusion Strategy, Open Mind-sets and our pledge through HM Treasury’s Women in Finance Charter, we also hosted market open ceremonies with initiatives such as 100 Women in Hedge Funds, Women in ETFs and the 30% Club. Our efforts to provide a platform for female talent further extend to our continuous work with a girls’ school in London and the sponsorship of a UNICEF programme creating brighter futures for more than 11,000 young women in Zambia.
Mentor relationships established across the UK, Italy, US and Sri Lanka in 2016

Mentor Exchange

The Mentor Exchange was created to meet a demand identified in our 2014 Employee Engagement Survey. Its aim is to encourage organisational knowledge sharing and help colleagues reach their full growth potential. With our Women Inspired Network sponsoring the initial programme, the first mentees were drawn from WIN’s membership. We have subsequently launched the Mentor Exchange in Italy, Sri Lanka, UK and the US.

Mentors are all established leaders with line manager responsibility across all business areas. The matching of mentors and mentees is facilitated by Moving Ahead, our partner which also facilitates the 30% Club cross-company mentoring scheme.

Graduate, intern and apprenticeship programmes

As our business continues to diversify and grow, we have developed a range of programmes to attract and develop bright, ambitious and talented individuals to meet the Group’s expanding opportunities in entry level roles.

In 2016, we recruited our largest graduate population to date including:

- graduates from 17 different universities across Europe with 43% of the intake female. The programme provides three six-month rotations across the business and will grow again in 2017 with an increase in the number of Technology graduates on-board;
- 80 graduates hired in Sri Lanka across MillenniumIT and BSL. Sri Lanka to strengthen our talent pool and leverage significant growth opportunities as we invest in the territory; and
- we will also expand the international reach of the programme, with initial focus on a new US graduate programme.

For the Summer Internship Programme, several interns joined us for nine weeks and were offered an opportunity to re-join the Group as graduates in 2017. The internship programme will expand in 2017, increasing the talent pipeline for the Graduate Programme.

We also offer an apprenticeship scheme as well as offering work experience for students interested in gaining an insight into LSEG.

Reward and Sharesave

The Group’s reward strategy focuses both on the short term, through an annual bonus scheme linked to our global performance management approach, and on the Group’s medium-term performance through share schemes aimed at senior management and all staff.

The Long Term Incentive Plan, details of which can be found in the Group’s Annual Report on p.55, aligns the performance and reward of our senior management team with long-term performance and growth of the Group.

Our employee share ownership scheme, Sharesave, is available to all permanent London Stock Exchange Group employees across France, Hong Kong, Italy, Sri Lanka, the UK and the US. Colleagues can save up to £500 or equivalent per month – with the option, after 3 years, of using their accumulated sum to buy LSEG shares. During 2016 over 250 employees benefited from the latest Sharesave maturity in our current programme. These included, for the first time, employees in Hong Kong and the US.

The most recent opportunity to join Sharesave was in April 2016 and saw further increases in colleague engagement. The scheme, which gives participants the opportunity to benefit from LSEG share price growth, has maintained in excess of 50% employee take-up, with levels of participation consistent across levels and regions.

This level of participation shows that employee engagement and support for the Group’s strategy remain strong, presenting staff involved in the scheme with an extra incentive to commit discretionary effort to achieve the Group’s vision and to inspire others to do the same.

Supporting our reward offerings we have also run a series of independent financial education sessions covering pensions, budgeting and mortgage basics. The sessions were well attended and employees expressed a desire for further sessions which are planned throughout 2017.

Employee representatives

Providing colleagues with the opportunity to meet with the Group’s leaders to raise questions and ultimately shape the future success of LSEG is important to us. In order to facilitate this we have a variety of colleague forums, employee engagement committees and representative bodies in place globally.

In the UK we have combined the LSEG and LCH Colleague Forums into a colleague-appointed forum co-chaired by Executive Committee representatives. The Forum meets on a bi-monthly basis, and has discussed provided input to a number of key business initiatives, including, being part of the panel to select a new pension provider as well as being involved in promoting the engagement survey and being kept informed of business change programmes. The UK Colleague Forum and the employee engagement survey identified a recurring theme across LSEG employees that there was a lack of opportunities to meet people from across the Group, both socially and in a work context, to build connections and grow networks. The solution defined by the forum, ACTIVE – which is a directory of clubs and groups across LSEG, complete with a diary of upcoming events and a digital ‘suggestion box’ for new communities – has been well received by colleagues. Existing clubs include cycling, running and wine tasting, with more to come in 2017.

Sri Lanka has an employee engagement forum that meets regularly to discuss and progress their employee engagement plan, whilst France based and Italy based colleagues are represented by the Works Councils and Trade Unions respectively, all of which hold regular meetings on important business initiatives.
Pillar 3 – Our People continued

Our people in numbers
On 31 December 2016, the Group employed 3976 employees. This was a decrease of 24% from the end of the previous reporting period, mainly due to the sale of Russell Investments.

On an organic basis, excluding the impact of the acquisitions, we can report on the following KPIs:

<table>
<thead>
<tr>
<th>Employee-based indicators</th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(9 months to December)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>New hires</td>
<td>1,055</td>
<td>1,010</td>
<td>346</td>
</tr>
<tr>
<td>Voluntary turnover</td>
<td>5.6%</td>
<td>9.9%</td>
<td>8%</td>
</tr>
<tr>
<td>Permanent contracts</td>
<td>98%</td>
<td>96%</td>
<td>95%</td>
</tr>
<tr>
<td>Fixed-term contracts</td>
<td>2%</td>
<td>4%</td>
<td>5%</td>
</tr>
</tbody>
</table>

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 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 covered the following policies:

<table>
<thead>
<tr>
<th>Training</th>
<th>Coverage</th>
<th>Completion statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anti-Bribery and Corruption</td>
<td>All staff</td>
<td>100%</td>
</tr>
<tr>
<td>Conflicts of Interest</td>
<td>All staff</td>
<td>100%</td>
</tr>
<tr>
<td>Safety and Security</td>
<td>All staff</td>
<td>100%</td>
</tr>
<tr>
<td>Business Continuity Management &amp; Health and Safety</td>
<td>All staff – except Italy</td>
<td>100%</td>
</tr>
<tr>
<td>Data Protection</td>
<td>All staff – except Italy</td>
<td>100%</td>
</tr>
<tr>
<td>Code of Conduct</td>
<td>All staff – except Italy</td>
<td>100%</td>
</tr>
</tbody>
</table>

Health and safety
LSEG’s operations remain low risk from a health and safety (H&S) perspective, although the assurance of a healthy and safe workplace continues to be a high priority. In accordance with the Group Policy, health and safety is managed at a local level in each country while governance is managed through the H&S Forum. This is a cross-entity stakeholder group responsible for ensuring that arrangements reflect the requirements of the policy, and that appropriate systems are in place to enable a common approach to implementation and reporting.

Over the course of 2016, existing management practices were enhanced through new processes and systems designed to ensure a consistent approach to H&S management together with further capability to monitor and manage regulatory compliance. In addition to ongoing day to day management activity, key achievements included:

- global roll-out of a management framework that sets out LSEG’s minimum standards, irrespective of local regulatory differences;
- completion of a global compliance self-audit, with central collation and management of associated data and follow-up activity, and
- implementation of monthly and quarterly inspection and reporting regimes, providing additional evidence of compliance on a global scale.

Objectives for 2017 include further focus on standardisation and consolidation of management systems, with the emphasis on consistency of approach across multiple geographies. This includes the enhancement of system capabilities that will provide platforms for data collation and interrogation to help ensure that risk is effectively managed.
Our Communities
empowering people, enriching communities
Pillar 4 – Our Communities

“Making a positive impact from a business, social and environmental perspective is consistent with the key drivers of our business strategy.”

As our global presence grows, we carefully measure our impact on the communities around us and how it aligns with our strategy and values. This pillar, supporting the ‘sustain’ impact area, focuses on community investment and environmental management initiatives. Our environmental performance indicators are shown in the Environment section.

**LSEG Foundation**

LSEG Foundation was established in 2010 to be the primary channel of the Group’s charitable giving and a focal point for staff engagement with charities. LSEG Foundation’s approach and positioning are aligned with the overall Group CR strategy, and also recognise the global reach of LSEG’s business model. Its core mission is to empower people and enrich communities.

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The Foundation is a grant-making charitable body, focusing on projects that help young and disadvantaged people to reach their full potential by developing life skills and business enterprise. It places particular attention on entrepreneurship, and its scope encompasses the communities in which the Group has a significant number of employees, and the global reach of the Group partner charity.

The Group is in the second year of a global partnership with UNICEF, having focused its community work on a project that strongly supports LSEG Foundation’s core mission, as it aims to equip more than 11,000 Zambian girls with employability skills and help them access formal employment in Zambia.

**Partnership with UNICEF: 2016 progress update**

Building on an 18-year partnership between UNICEF and FTSE Russell, part of LSEG’s Information Services Division, LSEG Foundation appointed UNICEF as LSEG’s global charity partner in 2015 for a period of three years, with an overall commitment of £1.5 million. LSEG Foundation also contributes to the UNICEF UK Children’s Emergency Fund.

**Zambian Girls 2030**

The Zambian Girls 2030 programme aims to empower girls through the provision of career and skills mentoring, financial literacy education and internship opportunities. 11,000 girls in Northern and Southern provinces were selected in conjunction with the government to take part in the programme. As of January 2017, more than 6,000 girls had attended school-level Careers and Skills Clubs where they were introduced to role models and potential careers in a variety of fields where women are under-represented. The programme is also providing much needed work experience with 87 girls having so far been enrolled in internships in some of the country’s leading institutions, such as WWF.

**The Children’s Emergency Fund**

LSEG are also providing funding to support the UNICEF UK Children’s Emergency Fund. This fund supports children caught up in serious emergencies that do not attract widespread media attention. In 2016 the Children’s Emergency Fund supported children caught up in crises in Ethiopia, Democratic Republic of Congo and Iraq among other ongoing emergencies.

Throughout 2016, our employees have become more involved in the partnership through project-based breakfast briefings, as well as an emergency simulation and virtual reality experience. Additionally, a group of 10 employees based in New York toured the UNICEF emergency command centre, generating more interest in building an even closer partnership with UNICEF in the future. In 2017 we plan to involve even more employees in the partnership through a field trip to Zambia and a fundraising challenge event for UNICEF.
Pillar 4 – Our Communities continued

Community contribution from LSEG
Based on the London Benchmarking Group methodology, below we report both our cash donations and other factors that reflect our overall engagement with our communities.

Principal sources of funding

Employees
Employees make donations and organise fundraising events such as a charity Touch Rugby Tournament.

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, formerly known as Charity Trading Day.

Corporate
The charitable donations from other companies in the Group contribute to the Foundation’s donation pool.

Fines
This refers to the money received through fines levied by the Group.

LSEG community investment 2016 2015

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash charitable donations (£’000)</td>
<td>962</td>
<td>1,080</td>
</tr>
<tr>
<td>- Donated to LSEG Foundation</td>
<td>962</td>
<td>1,080</td>
</tr>
<tr>
<td>- Donated to charity</td>
<td>133</td>
<td>1,074</td>
</tr>
<tr>
<td>In-kind donations</td>
<td>153</td>
<td>131</td>
</tr>
<tr>
<td>Management costs</td>
<td>218</td>
<td>219</td>
</tr>
<tr>
<td>Total</td>
<td>1,466</td>
<td>2,504</td>
</tr>
</tbody>
</table>

In 2016, the Group made a total cash donation of £962,000 to LSEG Foundation, decrease by 11% compared to 2015. £423,000 should be added to this as fine income, which was transferred to LSEG Foundation from the Group. Another £133,000 was donated directly to charity by the Group, down from £1,074,000 in 2015. The decrease is mainly due to the sale of Russell IM and the increasing role of LSEG Foundation as the Group’s primary channel for charitable giving. We will start reporting on the cost of volunteering from 2017, as 2016 was a pilot year and the resulting figures are not deemed material.

Annually, the Group donates £2.5 million to support companies in the Group contribute to the Foundation’s donation pool.

According to the London Benchmarking Group’s primary channel for charitable giving.

EMPOWERING PEOPLE. ENRICHING COMMUNITIES

Foundation Priorities
1. Helping young people realise their potential, despite their situation or disadvantage
2. Helping more young people access the jobs markets, overcoming barriers posed by their situation
3. Helping more young people aspire to becoming entrepreneurs, as a way of expanding their life opportunities

Business Priorities
1. Delivering best in class capabilities
2. Developing a partnership approach
3. Driving global growth

ENCOURAGING GROWTH. EXPANDING OPPORTUNITIES

How LSEG Foundation’s strategy aligns to our business priorities

Donations from LSEG Foundation
2016 was a record year for donations from LSEG Foundation. Total grants approved and paid exceeded £1.3 million, up 56% from £835,000 in 2015. In addition to the grants to the Group partner charities across France, Italy and the UK, and the major grant to the Group global partner charity UNICEF, 37 grants for charities were identified and put forward to LSEG Foundation by LSEG employees across Australia, France, Italy, the UK and the US. 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 (£2.6 million in 2016). In 2016, a record £90,000 was raised by our employees and matched by LSEG Foundation.

Impact reporting
Given the bottom-up approach adopted for the selection of the charitable projects for local charitable grants, this year we have placed particular importance on the measurement of our donations’ impact and its consistency with LSEG Foundation’s cause. Based on the London Benchmarking Group impact reporting framework, we ask charities to report on three different types of impact, so as to help aggregation across different project categories.

Types of impact made by our donation

The projects towards which LSEG Foundation donates are largely aligned with our mission, being aimed at ‘skills and personal effectiveness’ (62%) or at ‘behaviour or attitude change’ (17%). The ‘quality of life or wellbeing’ portion covers donations made to organisations such as the Unicef UK Children’s Emergency Fund and Habitat for Humanity Sri Lanka in response to emergencies.

Impact of LSEG Foundation grant on beneficiaries

<table>
<thead>
<tr>
<th>Impact of LSEG Foundation grant on beneficiaries</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Behaviour or attitude change</td>
<td>39%</td>
<td>51%</td>
</tr>
<tr>
<td>Skills or personal effectiveness</td>
<td>29%</td>
<td>26%</td>
</tr>
<tr>
<td>Quality of life or wellbeing</td>
<td>22%</td>
<td>23%</td>
</tr>
</tbody>
</table>

The remaining quarter is focused on developing life skills. In 2017 we aim to set targets to further sharpen the impact and strategic alignment of the Group’s charitable giving.

Target skills to be developed with our donation

<table>
<thead>
<tr>
<th>Target skills to be developed with our donation</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employability or enterprise skills</td>
<td>75%</td>
<td>57%</td>
</tr>
<tr>
<td>Life skills</td>
<td>25%</td>
<td>43%</td>
</tr>
</tbody>
</table>

Three quarters of the donations, including the contribution to the UNICEF Zambia Girls 2030 project, are aimed at increasing the employability of the beneficiaries or at developing financial or business enterprise skills. The remaining quarter is focused on developing life skills. In 2017 we aim to set targets to further sharpen the impact and strategic alignment of the Group’s charitable giving.
Pillar 4 – Our Communities continued

Regional charitable giving

In this section we present examples of charitable projects funded by LSEG Foundation in response to the work carried out by our Regional Charity Committees made up of employees and active in Australia, France, Italy, the UK and the US.

Our Regional Charity Committees play a key role in guaranteeing that:
– charitable projects are aligned to LSEG Foundation’s core mission,
– charity provides opportunities for staff involvement,
– the delivery of the project is monitored; and
– the impact of the project is measured.

LSEG Foundation relies on the specialised work and the competence of the Charities Aid Foundation to ensure that appropriate due diligence is carried out on the charitable nature of all the charities to which grants are disbursed.

All Regional Charity Committees are coordinated and overseen by the Philanthropy Working Group.

I. Behaviour or attitude change

France regional partner charity: Unis-Cité

21 LCH SA employees participated in a special volunteering day with Unis-Cité, restoring and renovating a classroom for children in need.

Unis-Cité pioneered ‘Civic Service’ in France 20 years ago, selecting young people to join an innovative community engagement programme based upon a single criterion: their motivation.

The Booster programme supported by LSEG Foundation was steered in partnership with the French Ministry of Education and the Civic Service Agency in 2013. It aims at preventing school dropouts by involving young dropouts aged 16 to 17 in a stimulating full time programme for seven months, which includes:
– three days a week with Unis-Cité where they participate in solidarity actions, and
– two days a week in high school where they receive individualised teaching sessions.

All the actions set up by the youths are aimed at tackling either social exclusions or environmental issues, and benefit a wide range of people including underprivileged children, unemployed people, immigrants, and elderly people. It is hoped that the programme can bring these young dropouts back to education or to employment with lifelong personal resources and skills.

UK partner charity: Ellen MacArthur Cancer Trust

LCH has been supporting the Ellen MacArthur Cancer Trust (EMCT) as its principal charity since 2012, and it was appointed regional partner charity for the UK in 2015.

Launched by the internationally-renowned sailor Ellen MacArthur in 2003, the Trust gives young people who are in recovery from cancer the opportunity to sail, to help them restore confidence. In addition to corporate donations, LSEG employees participated in various EMCT fund-raising events, including a charity pub quiz, the Great South Run and the Royal Parks Half Marathon, raising in excess of £5,300 for the Trust.

II. Skills or personal effectiveness

Italy partner charity: COMETA

COMETA, our Italian charity partner, is committed to educate and develop children and young people and to support their families.

Through annual financing, LSEG supports special training for 50 students at risk of dropping out of school. Throughout the year, Italian employees volunteer to help the students to prepare for English interviews and work on business plans and case studies through face-to-face meetings and skype calls. LSEG also supports the charity by providing it with opportunities to sell its catering services and the wood products that COMETA students prepare.

Italy: Learning from Excellence

Learning from Excellence is an apprenticeship programme funded by LSEG Foundation in partnership with the corporate foundation of Allianz in Italy, Umana Mente.

In 2016 the programme gave 54 young people referred by charities the opportunity to work as apprentices in luxury hotels across Italy over the summer, to gain experience as cooks, waiters, bar staff or receptionists.
**III. Quality of life or wellbeing**

Sri Lanka: Mi-Reach project

Mi-Reach is a project that helps young people learn about managing money and making enterprise choices through fun and interactive sessions. It also provides support for youth organisations' financial capability. The project consists of carefully mapped workshops into each school’s curriculum, followed by one-to-one sessions.

MyBnk also provides enterprise experiences using real money, helping young people learn how to manage their money and make enterprise choices through fun and interactive sessions. It has helped 135,000 young people learn about money management and becoming enterprising citizens.

This section shows some of our employees’ volunteering achievements across regions.

**Sri Lanka: Mahoga**

Mahoga is an innovative matching platform developed by MillenniumIT CSR and MiClub, MillenniumIT’s social welfare committee, with the help of LSEG Foundation. It helps to renovate and rebuild homes following the floods in Sri Lanka in May 2016. Partnering with Habitat for Humanity, Sri Lanka, 20 selected families were assisted with household supplies and rationing in order to resettle through internal contributions. Seven houses were shortlisted for structural repairs and renovations at an estimated cost of £18,700, of which 85% was contributed by LSEG Foundation and the remainder through internal donations. As of February 2017, 80% of the overall work has been completed.

**Volunteering**

In April 2016, the new Group-wide volunteering policy was launched, allowing LSEG employees to take up to two days off per year to volunteer for a charity of their choice. The policy was tested in 2016, and a number of initiatives were put in place to ensure adoption by employees and increasing uptake. These are expected to be fully brought to bear in 2017.

This section shows some of our employees’ volunteering achievements across regions.

**Sri Lanka: Mahoga**

Mahoga is an innovative matching platform built by our own team of volunteers from MillenniumIT, who worked weekends and after hours. It acts as a legitimate and responsible intermediary connecting organisations that want to donate with beneficiaries who are genuinely in need, and thereby enabling impactful and sustainable CR projects. It strives to make a difference for the future of Sri Lanka. NGOs seeking financial assistance can use this tool to match with corporates who are willing to fund projects. In the coming year, we will continue to enhance the platform, including matching volunteers for on-going project requirements, and introducing it as a real-time need and resource matching platform for crisis situations.

**US: City Harvest**

On 9 September 2016, we held our first ‘Meet the Charities’ event with 17 charity beneficiaries of LSEG Foundation coming into our London headquarters to talk to our colleagues, explaining their work and providing insights on getting involved. This is a pilot scheme and has the potential of becoming a regular event and rolling out to the Group’s other locations. It will also help bring about growth in the taking up of paid volunteering days.

**UK: Meet the Charities event**

A total number of 31 LSEG employees helped to pack four tons of potatoes into 600 family-size portions and 550 boxes of Thanksgiving essentials in September and November respectively for City Harvest. This is an organisation that collects 55 million pounds of excess food across New York City and delivers it to the hungry via 500 soup kitchens and food pantries across the city’s five boroughs. Our LCH colleagues in New York office also participated in City Harvest’s ‘Skip Lunch, Fight Hunger’ campaign in May, raising nearly $2,000 by encouraging employees to donate the money they would otherwise spend on lunch toward helping provide nutritious lunches for children in the city.

**Environmental management**

2016 has seen a number of significant achievements in the Group’s environmental performance. In 2016, LSEG introduced brand new printers with enhanced print and scan features, faster output speed and better image reproduction quality.

In addition to offering cost synergies across the Group, the introduction of these industry-leading and eco-friendly printers offers enhancements to secure printing and improved environmental ratings, reducing power consumption and toner usage. The technology also allows enhanced reporting and monitoring functionalities on the use of paper, which have already helped the Group to make progress against its paper reduction targets introduced in 2016.

Fighting food waste in Milan

Borsa Italiana’s congress centre in the heart of Milan hosts hundreds of events every year. Upon Borsa Italiana’s request, in 2016 the congress centre catering partner AFM Servizi Integrati entered into an agreement with an Italian food bank Banco Alimentare. The agreement ensures that excess food resulting from catering services to the congress centre’s clients is not disposed of, but is frozen through the use of a blast chiller and redistributed to the foodbank’s network of charities. As a result, the total waste from the building reduced by over 40% in Q3 2016 compared with the same period in 2015.
Part 3: Our overall CR performance
It is becoming a norm that investors consider the ESG performance of a company alongside other financial and strategic information within their investment process. As a leading international markets infrastructure provider, we are keen to promote high ESG standards and ESG data that is reliable, consistent and comparable across industries. In light of 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. This year, we have started to reference our own ESG Reporting Guidance launched in February 2017 (more details on p.11), which are 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 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 with a number of new acquisitions and joint ownership initiatives, we align our values and incorporate them into our ESG reporting mechanisms during the integration. 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.

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LSEG is committed to utilising resources in ways that ensure the long-term sustainability and profitability of the business and that benefit the environment.

The Group’s direct environmental impacts arise from our offices and data centres that host nearly 4,000 employees around the world, from staff travel and, indirectly, from our supply chain. We are aware of the risks and opportunities of climate change for our business and our clients, and the need to adapt our operations to prepare and take advantage of these.

The reporting period was the Group’s third year of setting and reporting against environmental targets. We have achieved our aims for 2016, and already exceeded our 2020 targets in all but one category. More explanation and details of our progress are outlined on the following pages.

Group reporting boundaries
LSEG uses the ‘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, including health, safety and environmental policies, within the operation. This approach accounts for 100% of emissions from facilities, operations and vehicles (whether leased or owned) over which LSEG has operational control.

The tables on the following pages summarise our relevant environmental disclosure based on CDP, GRI and FTSE Russell ESG indicators.

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

The 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.

Our emissions are calculated using GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and UK Government Environmental Reporting Guidelines: Including mandatory greenhouse gas emissions reporting guidance. We use DEFRA UK Government GHG Conversion Factors for our UK sites, and for extrapolated data, business travel, water and waste. Local GHG Protocol emissions factors are used to calculate energy emissions for international sites where available.

HIGHLIGHTS
3rd
Consecutive year of recognition as an environmental leader by CDP
-9%
Overall carbon footprint per FTE
-1%
Absolute carbon emission
-29%
Paper consumption
-15%
Data Centre energy consumption
-6%
Office space energy
Environment continued

OVERALL PERFORMANCE

During the reporting period, we achieved a 9% reduction in our overall Carbon Emissions per FTE and a 1% reduction in our absolute carbon footprint, building on similar progress the year before. This significant reduction is attributed to ongoing office consolidation and efficiency projects.

Except on air travel per FTE, we have already exceeded all of our 2020 targets, largely due to investment in our primary data centre, office consolidation, and significant increases in the use of video conferencing as an alternative to air travel.

While we are pleased with this early achievement, we recognise there is much more progress to be made and are actively working with the Science Based Targets Initiative in 2017 to assess potential for a long-term target that will stretch our ambitions out to 2030.

DATA CENTRES

Data centre energy is the largest contributor to the Group carbon footprint, and over the last four years we have taken significant steps to reduce this impact. 2016 saw a particular focus on increasing occupancy and efficiency of available space, reducing the energy carbon footprint by 15% per occupied cabinet.

<table>
<thead>
<tr>
<th>Disclosure</th>
<th>Indicator</th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
<th>Performance against 2016 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carbon Footprint (tCO2e)</td>
<td>Total Group Carbon Footprint per m² per FTE</td>
<td>30,900</td>
<td>31,237</td>
<td>30,995</td>
<td>-2% tCO2e per FTE, -8.93% tCO2e per FTE</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.339</td>
<td>0.385</td>
<td>0.364</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>6.61</td>
<td>7.26</td>
<td>8.55</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>18.64</td>
<td>22.02</td>
<td>23.99</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Scope 1</td>
<td>1,583</td>
<td>1,094</td>
<td>1,294</td>
<td>-2% tCO2e per £m Revenue, -15.4% tCO2e per £m Revenue</td>
</tr>
<tr>
<td></td>
<td>Scope 2 – Market Based</td>
<td>21,129</td>
<td>22,226</td>
<td>22,645</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Scope 2 – Location Based</td>
<td>22,492</td>
<td>23,615</td>
<td>23,954</td>
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</tr>
<tr>
<td></td>
<td>Scope 3 (Electricity Transmission &amp; Distribution)</td>
<td>6,591</td>
<td>6,343</td>
<td>5,305</td>
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<tr>
<td></td>
<td>Data Centres</td>
<td>15,369</td>
<td>15,865</td>
<td>15,438</td>
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<tr>
<td></td>
<td>Offices</td>
<td>7,616</td>
<td>7,689</td>
<td>8,340</td>
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<td></td>
<td>Tenants</td>
<td>1,538</td>
<td>1,671</td>
<td>2,194</td>
<td></td>
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<tr>
<td></td>
<td>Fugitive Emissions</td>
<td>114.3</td>
<td>127.7</td>
<td>19.8</td>
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</tbody>
</table>

OVERALL PERFORMANCE

During the reporting period, we achieved a 9% reduction in our overall Carbon Emissions per FTE and a 1% reduction in our absolute carbon footprint, building on similar progress the year before. This significant reduction is attributed to ongoing office consolidation and efficiency projects.

Except on air travel per FTE, we have already exceeded all of our 2020 targets, largely due to investment in our primary data centre, office consolidation, and significant increases in the use of video conferencing as an alternative to air travel.

While we are pleased with this early achievement, we recognise there is much more progress to be made and are actively working with the Science Based Targets Initiative in 2017 to assess potential for a long-term target that will stretch our ambitions out to 2030.

DATA CENTRES

Data centre energy is the largest contributor to the Group carbon footprint, and over the last four years we have taken significant steps to reduce this impact. 2016 saw a particular focus on increasing occupancy and efficiency of available space, reducing the energy carbon footprint by 15% per occupied cabinet.

<table>
<thead>
<tr>
<th>Disclosure</th>
<th>Indicator</th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
<th>Performance against 2016 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>Electricity (kWh)</td>
<td>35,084,779</td>
<td>33,942</td>
<td>33,093,661</td>
<td>-2% tCO2e per occupied cabinet, -15.05% tCO2e per occupied cabinet</td>
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<tr>
<td></td>
<td>Natural Gas (kWh)</td>
<td>1,225,793</td>
<td>226</td>
<td>1,427,685</td>
<td>228</td>
</tr>
<tr>
<td></td>
<td>Diesel (litres)</td>
<td>32,708</td>
<td>85</td>
<td>21,318</td>
<td>55</td>
</tr>
<tr>
<td></td>
<td>Total tCO2e per occupied cabinet</td>
<td>15,253</td>
<td>917</td>
<td>14,983</td>
<td>1463</td>
</tr>
<tr>
<td></td>
<td>per £m Revenue</td>
<td>14,534</td>
<td>263</td>
<td>29,254,157</td>
<td>208</td>
</tr>
<tr>
<td></td>
<td>Data Centre</td>
<td>11,17</td>
<td>13,17</td>
<td>35,548</td>
<td>12.2</td>
</tr>
<tr>
<td></td>
<td>per m²</td>
<td>11.17</td>
<td>13,17</td>
<td>35,548</td>
<td>12.2</td>
</tr>
<tr>
<td></td>
<td>per £m Revenue</td>
<td>27.79</td>
<td>26</td>
<td>33.73</td>
<td>28</td>
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</table>

OVERALL PERFORMANCE

During the reporting period, we achieved a 9% reduction in our overall Carbon Emissions per FTE and a 1% reduction in our absolute carbon footprint, building on similar progress the year before. This significant reduction is attributed to ongoing office consolidation and efficiency projects.

Except on air travel per FTE, we have already exceeded all of our 2020 targets, largely due to investment in our primary data centre, office consolidation, and significant increases in the use of video conferencing as an alternative to air travel.

While we are pleased with this early achievement, we recognise there is much more progress to be made and are actively working with the Science Based Targets Initiative in 2017 to assess potential for a long-term target that will stretch our ambitions out to 2030.

DATA CENTRES

Data centre energy is the largest contributor to the Group carbon footprint, and over the last four years we have taken significant steps to reduce this impact. 2016 saw a particular focus on increasing occupancy and efficiency of available space, reducing the energy carbon footprint by 15% per occupied cabinet.
OFFICES

During 2016, we consolidated a number of our office spaces, resulting in a 6% reduction of our office space carbon footprint. However, overall water consumption increased due to a swimming pool coming online in Sri Lanka.

<table>
<thead>
<tr>
<th>2020 Target: Reduce tCO₂e and Water by 20% per £m Revenue</th>
<th>Progress against 2020 Target: -45% tCO₂e and -36% m³ per £m Revenue</th>
</tr>
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<tbody>
<tr>
<td>Disclosures</td>
<td>Units</td>
</tr>
<tr>
<td>----------------------------------------------------------</td>
<td>------------------------------------------------</td>
</tr>
<tr>
<td>Electricity (kWh)</td>
<td>19,442,708</td>
</tr>
<tr>
<td>Natural Gas (kWh)</td>
<td>4,113,675</td>
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<tr>
<td>LPG (tonnes)</td>
<td>71.031</td>
</tr>
<tr>
<td>Diesel (litres)</td>
<td>7.326</td>
</tr>
<tr>
<td>TOTAL per FTE</td>
<td>20.46%</td>
</tr>
<tr>
<td>Energy use from Renewable Sources</td>
<td>19,442,708</td>
</tr>
<tr>
<td>Water (m³)</td>
<td>56,299</td>
</tr>
<tr>
<td>per FTE</td>
<td>12</td>
</tr>
<tr>
<td>per £m Revenue</td>
<td>33.9</td>
</tr>
</tbody>
</table>

BUSINESS TRAVEL

LSEG continues to review and extend the use and availability of video conferencing (VC) facilities, and to encourage the use of VC in place of air travel. Train travel is the preferred option between a number of major European hubs. Over the last year, VC usage has increased by 28%, and air travel per FTE has reduced by 2%.

<table>
<thead>
<tr>
<th>2020 Target: Reduce tCO₂e by 20% per £m Revenue and per FTE</th>
<th>Progress against 2020 Target: -21% per £m Revenue and -14% per FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disclosures</td>
<td>Units</td>
</tr>
<tr>
<td>-------------------------------------------------------------</td>
<td>------------------------------------------------</td>
</tr>
<tr>
<td>Air Travel (km)</td>
<td>International 8,611,245</td>
</tr>
<tr>
<td></td>
<td>Long Haul 25,456,946</td>
</tr>
<tr>
<td></td>
<td>Medium Haul 4,698,111</td>
</tr>
<tr>
<td></td>
<td>Short Haul 3,207,159</td>
</tr>
<tr>
<td></td>
<td>TOTAL 41,973,641</td>
</tr>
<tr>
<td></td>
<td>per FTE 1,136</td>
</tr>
<tr>
<td></td>
<td>per £m Revenue 3.83</td>
</tr>
<tr>
<td>Rail Travel (km)</td>
<td>Eurostar 1,119,556</td>
</tr>
<tr>
<td></td>
<td>National Rail 257,328</td>
</tr>
<tr>
<td></td>
<td>TOTAL 1,376,884</td>
</tr>
<tr>
<td></td>
<td>per FTE 0.0053</td>
</tr>
<tr>
<td></td>
<td>per £m Revenue 0.0053</td>
</tr>
<tr>
<td>Road Vehicles</td>
<td>Company Leased 29,524</td>
</tr>
<tr>
<td></td>
<td>Fleet (Diesel litres) 29,524</td>
</tr>
<tr>
<td>Video Conferencing</td>
<td>Number of Conferences 14,786</td>
</tr>
<tr>
<td></td>
<td>Conference Duration (Hours) 25,884</td>
</tr>
</tbody>
</table>
Environment continued

WASTE AND PAPER

LSEG continues to achieve 99% landfill avoidance, and total waste produced per FTE has reduced by 8%. This is largely driven by an innovative food waste solution in Italy, in partnership with a local charity.

In our first year of setting a paper reduction target, we achieved a 29% reduction in A4 sheets used per FTE. This is particularly driven by innovation in our use of technology, for example moving towards paperless recruitment processes and HR inductions and training.

<table>
<thead>
<tr>
<th>Disclosure</th>
<th>Indicator</th>
<th>Unit</th>
<th>tCO$_2$e</th>
<th>Unit</th>
<th>tCO$_2$e</th>
<th>Unit</th>
<th>tCO$_2$e</th>
<th>Target</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waste</td>
<td>Total Waste Produced per FTE</td>
<td>1.44t</td>
<td>0.31t</td>
<td>1.44t</td>
<td>0.34t</td>
<td>1.22t</td>
<td>0.34t</td>
<td>↓5%</td>
<td>↓7.87%</td>
</tr>
<tr>
<td></td>
<td>Total Waste for Energy</td>
<td>1094t</td>
<td>1048t</td>
<td>1094t</td>
<td>1048t</td>
<td>874t</td>
<td>347t</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Food and Drink</td>
<td>20.6t</td>
<td>49.2t</td>
<td>20.6t</td>
<td>49.2t</td>
<td>40.9t</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Paper &amp; Cardboard</td>
<td>51.7t</td>
<td>55.8t</td>
<td>51.7t</td>
<td>55.8t</td>
<td>59t</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Plastics</td>
<td>1.5t</td>
<td>1.2t</td>
<td>1.5t</td>
<td>1.2t</td>
<td>1.8t</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Glass</td>
<td>15t</td>
<td>19.8t</td>
<td>15t</td>
<td>19.8t</td>
<td>21.2t</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Mixed Recycling</td>
<td>259t</td>
<td>266t</td>
<td>259t</td>
<td>266t</td>
<td>224t</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Landfill Avoidance</td>
<td>99.86%</td>
<td>99.79%</td>
<td>99.86%</td>
<td>99.79%</td>
<td></td>
<td></td>
<td></td>
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</table>

Paper

<table>
<thead>
<tr>
<th>Disclosure</th>
<th>Unit</th>
<th>tCO$_2$e</th>
<th>Target</th>
<th>Actual</th>
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</thead>
<tbody>
<tr>
<td>Sheets of A4 per FTE</td>
<td>9,618,326</td>
<td>12,450,315</td>
<td>↓5%</td>
<td>↓29%</td>
</tr>
</tbody>
</table>

NOTES:
1. Total Group Footprint and Scope 2 use market-based Scope 2 emissions factors
2. 2015 figures have been updated on receipt of annual emissions factor guidance and actual figures from suppliers
3. Total extrapolated emissions – 4.73%
4. Group Carbon Footprint includes tenant consumption, however all targets and reporting in the sections below exclude tenant floors as no headcount is available
5. Scope 1 includes combustion of fuel and operation of facilities including Natural Gas, Diesel, LPG, Fugitive Emissions and Fleet Vehicles
6. Scope 2 is purchase of electricity by the Group for its own use (The Group does not purchase heat, steam or cooling)
7. Scope 3 includes emissions from Air Travel, Rail Travel, Waste and Water
8. Air Travel data calculated from mileage from travel bookings provider Asia partner bookings based on Origin/Destination airport codes and MileMichelin mileage data

2017 TARGETS

We have set ongoing targets for all of our impact areas for 2017 compared to 2016. We are aware of the risks and opportunities for our business arising from climate change, and have developed measures to address them. We will actively monitor these changes so we can adapt and respond as necessary. Direct climate change costs for the Group arise from the carbon tax associated with the UK CRC Energy Efficiency scheme.

2017 TARGETS

**Carbon Emissions ↓2%**
(ECO$_2$e/FTE/£m Revenue)

**Business Travel Carbon**
(ECO$_2$e/£m Revenue) ↓2%

**Video Conferencing**
(Total call hours) ↑10%

**Other Environmental Impacts**

<table>
<thead>
<tr>
<th>Disclosure</th>
<th>Unit</th>
<th>tCO$_2$e</th>
<th>Target</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waste Production</td>
<td>tonnes/FTE</td>
<td>↓2%</td>
<td></td>
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</table>
## Social

Our social performance tables summarise our social disclosure based on global standards, and in particular draw from GRI and the FTSE Russell ESG indicators, aligning with the recommendations in our Group’s ESG Reporting Guidance. Please see ‘Our People’ section and appendix for further details on our policies and activities related to our employees.

### 2016 Group statistics

<table>
<thead>
<tr>
<th>Disclosure</th>
<th>Indicator</th>
<th>2016</th>
<th>%</th>
<th>2015</th>
<th>%</th>
<th>2014</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment</td>
<td>Employees by region</td>
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<td></td>
</tr>
<tr>
<td>United Kingdom</td>
<td></td>
<td>1,408</td>
<td>35</td>
<td>1,549</td>
<td>30</td>
<td>1,502</td>
<td>32</td>
</tr>
<tr>
<td>United States of America</td>
<td></td>
<td>269</td>
<td>6</td>
<td>1,305</td>
<td>25</td>
<td>1,308</td>
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<tr>
<td>France</td>
<td></td>
<td>174</td>
<td>4</td>
<td>182</td>
<td>3</td>
<td>169</td>
<td>4</td>
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<tr>
<td>Italy</td>
<td></td>
<td>586</td>
<td>15</td>
<td>578</td>
<td>11</td>
<td>546</td>
<td>12</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td></td>
<td>1,030</td>
<td>26</td>
<td>833</td>
<td>16</td>
<td>670</td>
<td>14</td>
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<td>Other</td>
<td></td>
<td>529</td>
<td>13</td>
<td>798</td>
<td>15</td>
<td>461</td>
<td>10</td>
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<tr>
<td>TOTAL</td>
<td></td>
<td>3,976</td>
<td>100</td>
<td>5,245</td>
<td>100</td>
<td>4,656</td>
<td>100</td>
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<tr>
<td>Employees by contract type</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Full time</td>
<td></td>
<td>3,808</td>
<td>96</td>
<td>4,891</td>
<td>93</td>
<td>4,328</td>
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<tr>
<td>Part time</td>
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<td>2</td>
<td>171</td>
<td>3</td>
<td>116</td>
<td>2</td>
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<td>Fixed term</td>
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<td>2</td>
<td>183</td>
<td>4</td>
<td>212</td>
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<td>TOTAL</td>
<td></td>
<td>3,976</td>
<td>100</td>
<td>5,245</td>
<td>100</td>
<td>4,656</td>
<td>100</td>
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<tr>
<td>Employees covered by collective bargaining agreements</td>
<td></td>
<td>20%</td>
<td>15%</td>
<td>15%</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Staff voluntary turnover</td>
<td></td>
<td>5.6%</td>
<td></td>
<td>9.9%</td>
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<td>8%</td>
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<tr>
<td>Health and safety</td>
<td>Number of health and safety incidents</td>
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<td>1</td>
<td></td>
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<td>Training and education</td>
<td>Employees receiving regular performance and career development reviews</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
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<tr>
<td>Total hours spent on employee development training</td>
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<td>N/A</td>
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<td>Labour standards</td>
<td>Number of incidents of labour standards non-compliance</td>
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<td>N/A</td>
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### Diversity and equal opportunity

<table>
<thead>
<tr>
<th>Disclosure</th>
<th>Employees by region</th>
<th>2016</th>
<th>%</th>
<th>2015</th>
<th>%</th>
<th>2014</th>
<th>%</th>
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<td>Diversity and equal opportunity</td>
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<td>United Kingdom</td>
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<td>63</td>
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<td>62</td>
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<tr>
<td>Italy</td>
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<td>38</td>
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<tr>
<td>Sri Lanka</td>
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<td>38</td>
<td>82</td>
<td>18</td>
<td>82</td>
<td>83</td>
<td></td>
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<tr>
<td>Other</td>
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<td>66</td>
<td>38</td>
<td>62</td>
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<tr>
<td>TOTAL</td>
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<td>30</td>
<td>70</td>
<td>33</td>
<td>67</td>
<td>34</td>
<td>66</td>
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</table>

### Group by gender and organisational level

<table>
<thead>
<tr>
<th>Disclosure</th>
<th>Employees by region</th>
<th>2016</th>
<th>%</th>
<th>2015</th>
<th>%</th>
<th>2014</th>
<th>%</th>
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</thead>
<tbody>
<tr>
<td>Group by gender and organisational level</td>
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<td>10</td>
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<td>3</td>
<td>11</td>
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<td>LSEG Subsidiary Board</td>
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<td>12</td>
<td>21</td>
<td>18</td>
<td>10</td>
<td>93</td>
</tr>
<tr>
<td>Executive Committee and Leadership Teams</td>
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<td>111</td>
<td>252</td>
<td>15</td>
<td>65</td>
<td>11</td>
<td>48</td>
</tr>
<tr>
<td>All Staff</td>
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<td>1,741</td>
<td>3,424</td>
<td>1,593</td>
<td>3,004</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>1,196</td>
<td>2,780</td>
<td>1,756</td>
<td>3,489</td>
<td>1,604</td>
<td>3,052</td>
</tr>
</tbody>
</table>

### Employees by age group

<table>
<thead>
<tr>
<th>Disclosure</th>
<th>Employees by age group</th>
<th>2016</th>
<th>% Female</th>
<th>2015</th>
<th>% Female</th>
<th>2014</th>
<th>% Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 30 years</td>
<td></td>
<td>1,357</td>
<td>34</td>
<td>1,396</td>
<td>27</td>
<td>941</td>
<td>20</td>
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<tr>
<td>30-50 years</td>
<td></td>
<td>2,004</td>
<td>55</td>
<td>3,157</td>
<td>60</td>
<td>3,067</td>
<td>66</td>
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<tr>
<td>Over 50 years</td>
<td></td>
<td>415</td>
<td>10</td>
<td>692</td>
<td>13</td>
<td>648</td>
<td>14</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>3,976</td>
<td>5,245</td>
<td></td>
<td>4,656</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Nationalities represented in the Group

<table>
<thead>
<tr>
<th>Disclosure</th>
<th>Nationalities represented in the Group</th>
<th>2016</th>
<th>%</th>
</tr>
</thead>
</table>

### Non-discrimination

<table>
<thead>
<tr>
<th>Disclosure</th>
<th>Total number of incidents of discrimination and actions taken</th>
<th>2016</th>
<th>%</th>
</tr>
</thead>
</table>

1 Figures as of year end 31 December 2016
2 Due to rounding, some totals may not correspond with the sum of the separate figures
3 Mix of employees and Non-Executive Directors
4 Executive Committee and Leadership Teams in LSEG
5 The LSEG Subsidiary Board members and the Executive Committee and Leadership Teams together comprise the ‘Senior Managers’ for the purposes of section 414C(10)b of the Companies Act 2006
In line with the UN Guiding Principles on Business and Human Rights, LSEG recognises that the responsibility to respect human rights is a global standard of expected conduct for all business enterprises wherever they operate. LSEG’s human rights policy statement is included in the Group Corporate Responsibility policy approved by the Board in 2015 and incorporated into our Supplier Code of Conduct.

Progress was made in 2016 to further embed the respect for human rights in our operations and business conduct.

1. LSEG ESG Reporting Guidance

2. Implementation of the UK Modern Slavery Act
During 2016 LSEG amended its standard supplier framework terms to specifically address modern slavery, and our procurement team undertook a broad review of the existing supplier base for modern slavery risks, focusing on the suppliers that made up the top 75% of spend. More details on the steps taken by LSEG to counter modern slavery are shown in the full ‘Slavery and Human trafficking statement’ on this and the next page of this report.

Slavery and Human trafficking statement
Slavery and Human trafficking statement (“Statement”) as required under s54 of the Modern Slavery Act 2015 (“the Act”) for the financial year ended 31 December 2016 (“Financial Year”).

London Stock Exchange Group plc and its subsidiaries (“LSEG”/“us”/“we”/“our”/the “Group”) is committed to ensuring that all of its business dealings are carried out in full compliance with relevant laws and, in doing so we endorse the implementation and promotion of ethical business practices. LSEG is committed to improving our practices to combat slavery and trafficking and we have taken significant steps during the Financial Year to promote and improve our supply chain management and procurement processes and procedures.


Organisational Structure and Business
London Stock Exchange Group (LSE.L) is an international markets infrastructure business. Its diversified global business focuses on capital formation, intellectual property and risk and balance sheet management. LSEG operates an open access model, offering choice and partnership to customers across all of its businesses. The Group can trace its history back to 1698.

The Group operates a broad range of international equity, ETF, bond and derivatives markets, including London Stock Exchange; Borsa Italiana, MTS (Europe’s leading fixed income market); and Turquoise (a pan-European equities MTF). Through its platforms, LSEG offers market participants, including retail investors, institutions and SMEs unrivalled access to Europe’s capital markets. The Group also plays a vital economic and social role, enabling companies to access funds for growth and development.

Through FTSE Russell, the Group is a global leader in financial indexing, benchmarking and analytic services with approximately $10 trillion benchmarked to its indexes. The Group also provides customers with an extensive range of data services, research and analytics through Mergent, SEDOL, UnaVista, XTF and RNS.

Post trade and risk management services are a significant part of the Group’s business operations. In addition to majority ownership of LCH, a multi-asset global CCP operator, LSEG owns CC&G, the Italian clearing house; Monte Titoli, a leading European custody and settlement business; and globeSettle, the Group’s CSD based in Luxembourg.

LSEG is a leading developer and operator of high performance technology solutions, including trading, market surveillance and post trade systems for over 40 organisations and exchanges, including the Group’s own markets. Additional services include network connectivity, hosting and quality assurance testing. MillenniumIT, GATElab and Exactpro are among the Group’s technology companies.

Slavery and Human trafficking statement continued on following page
Headquartered in the United Kingdom, with significant operations in North America, Italy, France and Sri Lanka, the Group employs approximately 3,500 people.

Further information on London Stock Exchange Group can be found at [www.lseg.com](http://www.lseg.com).

**Policies and contractual controls**

LSEG internal policies include our Supplier Code of Conduct, Employee Code of Conduct and Recruitment/Agency policies where we confirm that we will not tolerate or condone abuse of human rights within any part of our business or supply chains.

During 2016 LSEG has amended its standard supplier framework terms to specifically address modern slavery, and any requests to deviate from the standard form wording would trigger a legal review.

**Whistleblowing policy**

We also operate a Whistleblowing Policy, aimed principally at our employees but also available to others working in our supply chains. We encourage employees, customers and other business partners to report any concerns relating to direct activities, supply chains or any circumstances that may give rise to an enhanced risk of slavery or human trafficking. LSEG’s whistleblowing procedure is designed to make it easy for individuals to make disclosures without fear of retaliation and individuals can use our confidential helpline and/or confidential disclosure form to escalate potential issues.

**Assessment of Modern Slavery Risk within our supply chain**

Generally speaking, LSEG operates within an industry where the risk of modern slavery is deemed to be low, based on the nature of the products and the services consumed as well as the location of significant operations. Nevertheless, LSEG recognises the prevalence of modern slavery and the importance of taking the necessary steps to combat it.

During 2016, our procurement team undertook a broad review of the existing supplier base, focusing on the suppliers that made up the top 75% of spend and using the guidance published by the Chartered Institute of Procurement and Supply ("CIPS"). On the basis of this analysis, we have categorised these suppliers as low, medium or high risk. No high risk suppliers have been identified. For medium risk suppliers the procurement team has committed to sending out the Supplier Code of Conduct (where they have not done it already) or asking the supplier to evidence their equivalent code that specifically addresses modern slavery. We recognise that spend and risk are not inextricably linked but believe that this has provided a firm foundation to be built on in future years.

Additionally our procurement team (working closely with our central compliance team) has developed a risk segmentation process to assess the risk of all new suppliers and we have documented evolving best practice in this area and cascaded it down through the organisation.

**Due Diligence**

In order to mitigate risk, LSEG through its Group procurement function undertakes extensive due diligence when considering taking on new suppliers and reviews all Tier 1 (Critical Suppliers) on at least an annual basis, working closely with the business who have day to day interaction with these suppliers.

The types of review activities include but are not limited to:

1. Completing the Group’s Risk Segmentation Form, which determines the level of risk associated with the new supplier and any subsequent due diligence activity that needs to take place. The risk segmentation form covers areas including, but not limited to: Business Continuity Management, Information Security, geographies of operation, anticipated length of contract, KYC/KYB checks and financial health screening.
2. If a supplier is deemed to be strategic, high risk or critical in any of the above areas, additional more in depth due diligence will be conducted. LSEG has a range of best practice tools and systems to help with these activities, as well as questionnaires produced by subject matter experts for assurance purposes.
3. Another part of the due diligence exercise is to send LSEG’s Supplier Code of Conduct to all in scope prospective suppliers for their review and agreement in advance of being on-boarded. It is acceptable for the supplier to provide their own Code of Conduct as an equivalent, providing that it is materially the same as the Group’s. Group procurement will conduct this comparison and will challenge the supplier if there is no reference made to modern slavery, human rights or other key components, in order to clarify their formal stance on the relevant area. If there are residual concerns, our procurement team can escalate to the Compliance function for further review.
4. Guidance on the above is held centrally on internal sites, to ensure consistency across the Group and adherence to LSEG’s Group Procurement policy. Group Procurement and Compliance act as points of reference for the rest of the business, providing expertise and guidance on any queries.

**Training**

In relevant functions across the Group, e.g. Group Procurement, where staff are more likely to be in a position to identify potential issues relating to Modern Slavery and human rights given their day to day operations, additional training has been provided. This covered how to conduct a risk assessment across the supplier base, as well as the red flag identification system.

This statement is made pursuant to section 54 (1) of the Modern Slavery Act 2015 and constitutes our Group’ slavery and human trafficking statement for the Financial year ended 31 December 2016.

Xavier R Rolet, KBE
Group Chief Executive
London Stock Exchange Group plc

Date: 3 March 2017
Governance

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 LSEG’s corporate governance framework please see the LSEG 2016 Annual report. You can also refer to the GRI Index available at www.lseg.com/about-london-stock-exchange-group/corporate-responsibility.

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.

<table>
<thead>
<tr>
<th>INTEGRITY</th>
<th>PARTNERSHIP</th>
<th>INNOVATION</th>
<th>EXCELLENCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>My word is my bond</td>
<td>We collaborate to succeed</td>
<td>We nurture new ideas</td>
<td>We are committed to quality</td>
</tr>
</tbody>
</table>

Integrity underpins all that we do—from our unshakeable commitment to building and supporting global markets based on transparency and trust, to every transaction across our business with each and every stakeholder. We are a source of enduring confidence in the financial system, so when we say that our word is our bond, we mean it.

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.

We are ambitious and forward-looking—a pioneering Group of market innovators, driven by fresh thinking that has kept us ahead of change. We prudently and proactively invest to make sure that our markets and services are constantly developing and evolving with advances in technology.

We have a fundamental commitment to developing talented teams who deliver to the highest standards in all that we do. By collaborating together, we will sustain industry-leading levels of excellence, setting the benchmarks that inspire ever-better performance.

HIGHLIGHTS

100%
Employees who successfully completed mandatory Anti-Bribery and Corruption training in 2016

100%
LSEG businesses certified as compliant with our Anti-Bribery and Corruption policies

392
Investor meetings held in 2016
Governance continued

Sustainability governance

OVERSIGHT

LSE Group Board
LSE Group ExCo

LSE Group CR Committee

Pillar leaders • cross-business
CR working groups

Ratings agencies

ExCo

EXECUTION

Chair of LSEG CR Committee

LSE Group CR Strategy

CR pillar strategies

Our Markets
Our Services
Our People
Our Communities

Sustainable Business Team

Management and reporting

External validation

Communications strategy

DELIVERABLE

Our sustainability strategy is driven by the Group Corporate Responsibility Committee, on which Executive Committee members and an LSEG Board member sit. Delivery of the sustainability programme is carried out by the Sustainable Business team, reporting to Investor Relations.

Corporate responsibility and our sustainability strategy are overseen by the LSEG Board. Our CEO is responsible for reporting to the Board on sustainability matters, while the Group CFO, who is a Board member, has responsibility for the environmental policy.

Tax transparency

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.

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, whilst 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 cash flow statement of our Annual Report. LSEG is also a signatory of the UK Prompt Payment Code.

Cyber security

Cyber security is increasingly identified by investors as a key non-financial sustainability risk in the financial sector with broad impacts on a number of stakeholders. Our reputation and ability to fulfil our purpose as a vital markets infrastructure provider is dependent on our secure management of data and financial assets. In order to have confidence in our data and assurance of financial assets, we have controls that protect the confidentiality, integrity and availability of LSEG and Group company assets including by preventing unauthorised use or modification.

Given the increased size and scope of our businesses, we face a wide and expanding universe of risks. In particular, our critical role as a markets infrastructure provider gives us exposure to technology risks such as cyber threats, systems resilience and technological innovation. 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. The threat of cyber crime requires a high level of scrutiny as it may have an adverse impact on our business.

Long-term unavailability of key premises or trading and information outages 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 cyber crime.

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. The Group has well established and regularly tested business continuity and crisis management procedures.

The Group risk function assesses its dependencies on critical suppliers and ensures robust contingency measures are in place.

The ISAE 3402 certification (Assurance Reports on Controls at a Service Organisation) has been obtained by LSEG for London’s primary data centre and CC&G data centre in Rome. The Group also holds ISO 27000 (Information Systems) and ISO 20000 certifications covering other regional data centres.

Please see the ‘Key policies’ box on the next page for a description of the Technical Information Security and Business Continuity policies.
Key policies

1. Financial crime
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
100% of our businesses have certified compliance with our Anti-Bribery and Corruption policies. Details about the implementation of the Group’s anti-bribery and corruption policy are published on www.lseg.com and all other business-specific websites of the Group.

3. Technical information security
This policy outlines the Technical 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 (such as viruses, worms, spyware, Trojans and other threats); and the loss or unauthorised alteration of company data, including personal and 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)
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 Business Continuity Management (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 (BCMFF) and that controls exist which ensure that the Group operates within its overall risk appetite.
As our business expands and diversifies, we continue to review our approach to sustainability.
In the coming year, as part of a strategic approach based on six revised impact areas, we plan to promote sustainable business that underpins the UN Sustainable Development Goals in the following ways:

<table>
<thead>
<tr>
<th>Impact area</th>
<th>SDG supported</th>
<th>2017 priorities</th>
</tr>
</thead>
</table>
| **Convene** | SDG12 – Responsible consumption and production  
SDG13 – Climate action | Convene the investment industry to discuss and progress solutions for the transition to a sustainable and low carbon economy from across our business divisions |
| **Grow** | SDG8 – Decent work and economic growth | 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 |
| **Disclose** | SDG12 – Responsible consumption and production  
SDG13 – Climate action | Keep promoting our new ESG Reporting Guidance for issuers through industry and education initiatives and integration within our existing product portfolios  
Continue to take an active role with regulators and policy makers to advocate global alignment of ESG reporting standards and to address potential barriers to sustainable investment and finance |
| **Transition** | SDG12 – Responsible consumption and production  
SDG13 – Climate action | Further develop the Global Sustainable Investment Centre, adding new tools and products that support the transition to a sustainable and low carbon economy and related capital flows |
| **Develop** | SDG5 – Gender equality  
SDG17 – Partnership for the goals | Work towards the achievement of the Group-wide 2020 gender diversity targets and consider extension of diversity programmes beyond gender  
Set and achieve a target for staff involvement in volunteering across the Group |
| **Sustain** | SDG8 – Decent work and economic growth  
SDG13 – Climate action  
SDG5 – Gender equality | Set targets on charitable giving to deepen focus on LSEG Foundation’s core mission  
Upgrade our environmental management system and consider revised environmental targets |

1 The Sustainable Development Goals (SDGs) identified here are those considered material for exchanges by the Sustainable Stock Exchanges initiative.
UN SSE: Communication with stakeholders

Business Strategy

How does your exchange define and view the rationale for corporate sustainability and the exchange’s role in promoting it?

Our Chief Executive’s message, CR strategy and Materiality review on p. 3, 6-7, and 8 respectively, demonstrate our rationale for corporate sustainability and our role in promoting it.

How does your exchange’s senior leadership and organisational structure support the promotion of corporate sustainability in its market(s)?

Our sustainability strategy is developed and reviewed by our ExCo and Board respectively, while our organisational structure is set out on p.6-7. Our Markets and Our Services pillars support the promotion of sustainability across capital markets globally, as explained on p.12-20.

What goals/objectives does your exchange have in regards to advancing sustainability in your market?

The impact areas of our sustainability strategy that are more relevant here are Disclose, Change, and Grow – please see Our Key Initiatives, Our Markets and Our Services sections for more details (see p.10-20). We set out our specific objectives for 2017 in our Looking ahead section on p.44.

Transparency and Issuer Reporting

Describe your exchange’s approach to promoting sustainability disclosure by companies.

We cover this across both Our Markets and Our Services. We encourage best practice disclosure in three ways. Firstly, during 2016 we developed the Guidance on ESG disclosure for issuers of all sizes across the UK and Italy, which was launched in February 2017 and can be accessed at www.lseg.com/esg (p.11). Secondly, FTSE Russell’s ESG services and the associated FTSE4Good Index family set a standard for ESG disclosure globally (p.18-19). Thirdly, we promote issuer-investor dialogue on ESG issues through capital markets events and our new online investor relations platform Elite Connect(p.13).

What is your exchange’s process for reviewing listing standards in general? Are there opportunities for stakeholders to comment during this process?

The UKLA, rather than London Stock Exchange, is responsible for listing standards in the UK. In Italy, Borsa Italiana is responsible for setting and reviewing the listing standards as set out in the Rules of the Markets, organised and managed by Borsa Italiana. Any modification to the Rules is subject to two main approvals: by Borsa Italiana’s Board of Directors and the Italian financial markets supervisory authority. 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 will consult relevant stakeholders, such as the industry associations of issuers and intermediaries, in order to incorporate their comments and suggestions.

How do you track sustainability reporting of your listed companies?

There are two ways, one internal and one external. Internally, the FTSE Russell ESG service tracks the level of ESG disclosure for our markets and for other markets around the world, please see p.18. The report published by FTSE Russell in December 2016 saw London Stock Exchange in 16th position and Borsa Italiana 9th. Externally, we review our progress against Corporate Knights exchange rankings for sustainability disclosure, please see www.corporateknights.com/reports/2016-world-stock-exchanges.

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?

FTSE Russell assesses ESG disclosure and performance of companies globally and provides this analysis to investors around the world. This data is also used to construct the FTSE4Good Index Series, which highlights companies that meet good practice standards. FTSE Russell also works with other exchanges across developed and emerging markets to offer local FTSE4Good and ESG indices. More information can be found on p.18-19.

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), please see p.11.
### Issuer Capacity Building

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 Reporting Guidance for issuers through investor and issuer workshops organised in the UK and Italy, and consulted other stakeholders (standard setters and responsible investment NGOs) before finalising the Guidance.

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 as part of the implementation of the EU Non-Financial Reporting directive, and it is highly recommended in the UK as part of the 2013 amendments to the Companies Act. LSEG ESG Reporting 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

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 in a range of ways including:
- we partner with a large number of peer exchanges around the world and some of these partnerships explicitly cover 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;
- through FTSE Russell we are involved in a large number of investor ESG collaborative bodies and initiatives including the UN-supported PRI, UK SIF, US SIF, Euro SIF, ICGN, Japan SIF and RIAA and we are also part of the SSE initiative;
- we are working in a range of ways to support the growth and development of green finance and are represented on the City of London’s Green Finance Initiative and as an observer of the Green Bond Principles; and
- we also had a member of staff selected to join the European Commission High Level Expert Group on Sustainable finance which will be a focus of collaboration going forward.

### Sustainable Products

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.)?

In 2016, LSEG launched its Global Sustainable Investment Centre which aims to promote green and sustainable capital raising and deep integration of ESG considerations in the investment process across asset classes. The product portfolio includes green bonds in different currencies, renewable infrastructure funds, cleantech companies, green ETFs, tools such as LSEG ESG Reporting Guidance, and both ESG and Green Revenues data models and associated indexes.

### Exchange Needs

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 will 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 Task Force on Climate-related Financial Disclosures as a key development in the trend toward the global alignment of ESG disclosure standards.
## FTSE Russell quantitative ESG data points as referenced in the LSEG ESG Reporting Guidance

<table>
<thead>
<tr>
<th>Indicator sub code</th>
<th>Indicator description wording</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Environmental</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ECC14</td>
<td>Total operational GHG emissions data (Scope 1 &amp; 2) is disclosed</td>
<td>22,712 tCO₂e</td>
</tr>
<tr>
<td>ECC15</td>
<td>Total energy consumption data is disclosed</td>
<td>61,178 Mwh</td>
</tr>
<tr>
<td>EPR18</td>
<td>Disclosure of NOx emissions (tonnes)</td>
<td>Not significant</td>
</tr>
<tr>
<td>EPR19</td>
<td>Disclosure of SOx emissions (tonnes)</td>
<td>Not significant</td>
</tr>
<tr>
<td>EPR21</td>
<td>Disclosure of volatile organic compounds (VOC) emissions (kilograms)</td>
<td>Not significant</td>
</tr>
<tr>
<td>EPR24</td>
<td>Disclosure of hazardous waste generation (tonnes)</td>
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</tr>
<tr>
<td>EPR25</td>
<td>Disclosure of non-recycled waste generation (tonnes)</td>
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</tr>
<tr>
<td>EPR26</td>
<td>Disclosure of waste recycled (tonnes)</td>
<td>Not significant</td>
</tr>
<tr>
<td>EPR27</td>
<td>Total costs of environmental fines and penalties during financial year</td>
<td>Not significant</td>
</tr>
<tr>
<td>EPR28</td>
<td>Percentage of sites covered by recognised environmental management systems such as ISO14001 or EMAS</td>
<td>Not significant</td>
</tr>
<tr>
<td>ESC30</td>
<td>Total GHG emissions data on properties disclosed</td>
<td>24,523 tCO₂e</td>
</tr>
<tr>
<td>ESC31</td>
<td>Total energy usage data on properties disclosed</td>
<td>61,178 Mwh</td>
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<tr>
<td>ESC32</td>
<td>Total water usage data from property portfolio disclosed</td>
<td>94,263 m³</td>
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<tr>
<td>EWT11</td>
<td>Total water use/water extraction data is disclosed</td>
<td>94,263 m³</td>
</tr>
<tr>
<td>EWT12</td>
<td>Percentage of water recycled (non-potable) for use in own operations</td>
<td>Not significant</td>
</tr>
<tr>
<td><strong>Governance</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GAC12</td>
<td>Disclosure of total amount of political contributions made</td>
<td>US$41,500</td>
</tr>
<tr>
<td>GAC13</td>
<td>Disclosure of number of staff disciplined or dismissed due to non-compliance with anti-corruption policy/policies</td>
<td>0</td>
</tr>
<tr>
<td>GAC14</td>
<td>Disclosure of cost of fines, penalties or settlements in relation to corruption</td>
<td>0</td>
</tr>
</tbody>
</table>
### FTSE Russell quantitative ESG data points as referenced in the LSEG ESG Reporting Guidance

<table>
<thead>
<tr>
<th>Indicator sub code</th>
<th>Indicator description wording</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Social</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SHR17</td>
<td>Total amount of corporate or group donations/community investments made to registered not-for-profit organisations</td>
<td>Close to £1.1 million&lt;sup&gt;1&lt;/sup&gt;</td>
</tr>
<tr>
<td>SHS12</td>
<td>Percentage of sites with OHSAS 18001 certification</td>
<td>16%</td>
</tr>
<tr>
<td>SHS13</td>
<td>Number of staff trained on health and safety standards within the last year</td>
<td>100%</td>
</tr>
<tr>
<td>SHS15</td>
<td>Lost-time incident rate, over last three years</td>
<td>Not significant</td>
</tr>
<tr>
<td>SHS38</td>
<td>Number of work-related employee fatalities</td>
<td>0</td>
</tr>
<tr>
<td>SHS40</td>
<td>Number of work-related contractor fatalities</td>
<td>0</td>
</tr>
<tr>
<td>SLS24</td>
<td>Full-time staff voluntary turnover rates</td>
<td>5.6%</td>
</tr>
<tr>
<td>SLS25</td>
<td>Percentage of employees that are contractors or temporary staff</td>
<td>2%</td>
</tr>
<tr>
<td>SLS26</td>
<td>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</td>
<td>a) 30,000&lt;br&gt;b) N/A</td>
</tr>
</tbody>
</table>

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<sup>1</sup> This is the total cash charitable donation made by the Group in 2016, consisting of £962,000 to LSEG Foundation and £133,000 to other charities (see p.29).