

# Chair's statement

“The Group plays a significant role in financial markets globally”

**Don Robert**  
Chair



## Overview

It was a great honour to be asked to serve as Chair of London Stock Exchange Group, an iconic institution with a 300-year history at the heart of global financial markets. I would like to extend my appreciation to the previous Chair for handing over the reins to a Group that is well positioned strategically and financially. The Group continues to perform well with total income up 8%, adjusted earnings per share up 15% and a proposed dividend of 70.0 pence per share, up 16%.

2019 has been characterised by macroeconomic and political uncertainty. The challenges posed to all business leaders throughout the year have been numerous, but LSEG remains well positioned with a set of highly complementary businesses across the capital markets lifecycle. Our Open Access philosophy and customer partnership approach continues to be a true differentiator and fundamental to our business strategy. As a systemically important business, the Group plays a significant role in financial markets globally, contributing to financial stability and supporting sustainable economic growth.

## Refinitiv

LSEG announced the proposed acquisition of Refinitiv on 1 August 2019. This was the culmination of many months of strategy development, deep consideration and discussion. It is a transformational transaction, strategically and financially. The combined global business will be headquartered and domiciled in the UK with a premium listing in London. The transaction received overwhelming shareholder approval in November, and we are currently engaged in the regulatory approvals process and integration planning. The transaction remains on track to close in the second half of 2020.

## HKEX

In September, LSEG received an unsolicited approach from Hong Kong Exchanges and Clearing Limited (HKEX). LSEG's Board had fundamental concerns about the key aspects of the Conditional Proposal: strategy, deliverability, form of consideration and value, especially when compared to the significant value we expect to create through our planned acquisition of Refinitiv. Accordingly, the Board unanimously rejected the Conditional Proposal, which HKEX subsequently withdrew.

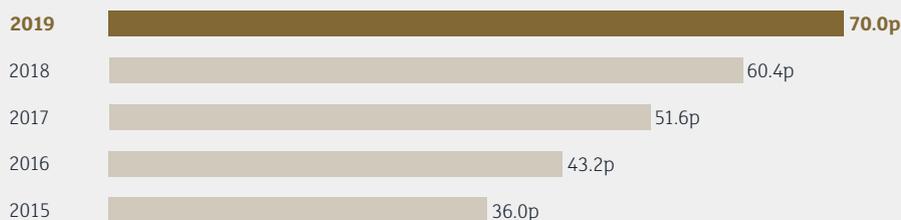
## Governance

The Board seeks to operate to high governance and ethical standards. Further detail is available later in the Board's Corporate Governance report starting on page 78. Dominic Blakemore joined the Board as a Non-Executive Director, effective 1 January 2020, and we also welcomed Cressida Hogg to the Board as an Independent Non-Executive Director in March 2019. Following the conclusion of the Group's AGM in April 2020, Paul Heiden will step down from the LSEG Board and Dominic will assume the Chair of the Audit Committee from Paul, and Stephen O'Connor will become the Senior Independent Director. I would like to record the Board's gratitude to Paul Heiden for his significant contribution to LSEG over the last decade during which the Group has delivered significant growth and diversification. His counsel and experience have been invaluable during this period of transformational change.

In October, David Warren, Group Chief Financial Officer informed the Group of his intention to retire from the company and step down from the Board. The Board is grateful for the key role David has played in the successful growth, diversification and global expansion of our business over the last seven years as well as for his leadership when he served as Interim CEO. David will continue in his current role as Group CFO and a member of the Board through the close of the Refinitiv transaction to ensure a smooth transition to his successor. LSEG is undertaking a global search for his replacement, which is being led by the Board's Nomination Committee.

### Full year dividend

Final dividend of 49.9 pence per share to be paid on 27 May 2020<sup>1</sup> (2018: 43.2 pence per share)



### Dividend policy

We operate a sustainable, progressive dividend policy, aiming to operate in a target range of 2.5–3.0x dividend cover. LSEG has operated within the target dividend cover range since 2015.<sup>2</sup>

1. Subject to shareholder approval at our AGM
2. Ratio of earnings per share divided by dividend per share

### Culture

The Board, along with the executive team, seeks to promote a culture of Group-wide collaboration and customer focus. LSEG has made good progress this year on these efforts, which you can read about further on page 44. The Board has also engaged directly with employees, with candid feedback provided to Directors through a series of informal meetings, as well as more formal interaction with employee forums, which will continue in the coming year.

### Corporate Sustainability

The global transition to a more sustainable economy continues to be a focus across our industry. LSEG has many touch points with stakeholders that put us in a strong position to engage in this discussion and we take our responsibility seriously. Our ability to help facilitate change is demonstrated through the diverse ecosystem of sustainable bonds listed on our markets with issuers from 18 different countries and bonds issued in 17 different currencies. FTSE Russell has also launched an innovative new index providing a forward-looking assessment of the climate risk faced by sovereigns allowing investors to reduce climate risk and greenhouse gas emissions in their portfolios.

As a global company, we are committed to playing our part, building on our engagement with UK Government initiatives such as the Green Finance Taskforce, which led to the creation of the Green Finance Institute, and the EU's High Level Expert Group and Technical Expert Group. Both of these groups included representatives from LSEG as part of their work to develop recommendations for the EU's Green Finance Taxonomy. Within LSEG, our Environmental Management Group continues to work on delivery of ambitious targets to improve our environmental efficiency year on year. Full details can be found later in this report on page 47.

Our LSEG Foundation donated £1.4 million in 2019 to various global and regional charities around the world. The Group also continues to encourage employees to donate their skills and time to support disadvantaged young people in the communities in which we operate.

### Summary

Since becoming Chair in May 2019, I have been impressed by the calibre and focus of our employees. I'd like to thank them for their dedication and professionalism during what has been a very busy year. I would also like to thank my Board colleagues for their support, challenge and for their commitment. London Stock Exchange Group is in a position of strength, sitting at the heart of international financial markets, as we look ahead to the many opportunities within our industry. I look forward to working with the Board and the executive team to continue to develop the business for the future.

### Don Robert

Chair  
28 February 2020