Managing the business effectively and sustainably

Group Corporate Responsibility Report 2014
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London Stock Exchange Group (LSEG) has a key role at the heart of London, one of the truly global financial centres. This gives us a unique and privileged position for promoting sustainability and corporate responsibility (CR). Our economic function in providing stable and efficient markets has a significant impact on business activity, as well as job and wealth creation. This is particularly true at a time when sustainable equity funding is very important to economic growth. Our ability to promote good practices through corporate governance initiatives also remains important, with corporate ethics and sustainability under increased scrutiny.

As our business grows and evolves, our approach to sustainability responds, so it remains relevant to the political, economic and social environment in which we operate. This year, we have reviewed our CR strategy to reflect the Group’s diversification and globalisation, and to ensure sustainability issues are embedded in our core values and beliefs. We have focused our approach on areas where we feel we have the most impact and add the most value. Our CR approach is therefore founded on four pillars, which are closely tied to how we operate as a business: Our Markets, Our Services, Our People and Our Communities.

There are a few areas of progress I would like to highlight. Over the last year, we have continued to support small and medium-sized enterprises (SMEs), through initiatives including our ELITE programme in the UK and Italy, which prepares SMEs to access long-term equity finance as part of the funding ladder; our “1000 Companies to Inspire Britain” initiative; and our new High Growth Segment. FTSE’s pioneering environmental, social and governance (ESG) products also continue to help investors make sustainable decisions. We remain dedicated to developing our people, as well as supporting their engagement with our communities through charity and outreach opportunities. As part of this, we joined the UN Sustainable Stock Exchanges initiative this year. These activities, coupled with many other successes across the Group, have led to Corporate Knights naming LSEG as one of the world’s 100 most sustainable corporations.

This report includes more detail about our approach to CR, our achievements over the past year and our aims for the future.

We welcome your interest.

Xavier Rolet
CEO, London Stock Exchange Group
Part 1
London Stock Exchange
Group CR Strategy
Our corporate responsibility strategy

“OUR ROLE AT THE HEART OF THE FINANCIAL WORLD PUTS US IN A UNIQUE AND PRIVILEGED POSITION FOR PROMOTING SUSTAINABILITY AND CORPORATE RESPONSIBILITY.”

Xavier Rolet
CEO, London Stock Exchange Group

Embedding corporate responsibility

Integrity and trust are at the core of what we do. For more than 200 years, we have operated under the banner of “My word is my bond”. That overriding principle is still relevant today, as a provider of open, trusted, reliable, independent and user-neutral services. We recognise the critical role we play in international markets and the responsibilities and societal expectations that come with it. We also understand that ESG factors are integral to efficient, transparent, resilient and well-governed capital markets.

Exchanges help underpin global economic growth and fulfil an important social purpose, by supporting SMEs’ funding and development, encouraging market transparency, enabling investment benchmarking and advocating sustainable best practice in corporate behaviour.

In line with our global growth and ambitions, we are deepening our approach to CR. As LSEG has grown through recent acquisitions, we have further refined and explored our focus areas for the Group, defining four high level “pillars” of activity. Our new CR strategy was approved by the Group Executive Committee and by our Board of Directors.

Our approach to corporate responsibility

In the countries in which we operate, we aim to be the pre-eminent market for creating sustainable growth. We are working to do this by embedding the following four CR pillars into our core values and beliefs:

1. Our Markets: We provide transparent, efficient, resilient, low-cost and open-access capital markets, which support growth and employment.
2. Our Services: We provide services that encourage: (i) corporates to meet their disclosure requirements efficiently, (ii) investors to analyse and make considered investment decisions, (iii) market participants to manage risk, and (iv) more efficient access to our markets for intermediaries.
3. Our People: We embrace the benefits of having a diverse and global employee community. We promote the values of integrity, partnership, innovation and excellence, to fulfil our long term global ambitions.
4. Our Communities: We benefit communities worldwide. We engage with governments, inter-governmental agencies and regulators to promote ESG disclosure and sustainable practices. We support local communities and the environment where we have a significant presence.

How we manage Group corporate responsibility

We understand the importance of embedding sustainability into our business. The Group’s Board of Directors has overall responsibility for our CR policy, with our CEO and CFO representing our CR activities to the Board. Our Executive Committee (ExCo) provides strategic direction on CR and reviews the programme’s overall execution.

The CR Committee coordinates our activities on ExCo’s behalf and partners with all business areas. Its members cover a broad range of roles within the Group, from Capital Markets to Information Services, and from Human Resources to Investor Relations, bringing a wealth of expertise to discussions.

In 2010, the Group established the London Stock Exchange Group Foundation (the Foundation) as a corporate charitable trust. The Foundation provides a single channel for the Group’s charitable giving and for promoting and facilitating our staff’s community engagement. The Foundation is administered by a committee made up of representatives from corporate and business functions from the Group’s main geographies. The Our Communities section of this report outlines the work that the Foundation supports.

In addition, we have a number of management teams, working groups and committees that are dedicated to specific CR issues, such as our Environmental Management Group, which is developing climate change initiatives, and our Procurement Team, which is targeting sustainability choices with our suppliers.
Our corporate responsibility strategy continued

Our four CR pillars:

**OUR MARKETS**

“We strive to develop markets that can sustain the long-term prosperity of the economies we serve.”

Raffaele Jerusalmi  
Group Director of Capital Markets  
CEO, Borsa Italiana

**OUR SERVICES**

“We develop products and services that make financial markets stable and oriented to future generations, the world over.”

Mark Makepeace  
Group Head of Information Services  
CEO, FTSE Group

**OUR PEOPLE**

“We rely on our employees’ talent, commitment and critical thinking for our long-term success, built on the values of partnership, integrity, innovation and excellence.”

Tim Jones  
Group Head of Human Resources

**OUR COMMUNITIES**

“We seek to understand our impacts on our stakeholders and to turn our market presence into opportunities for all those we connect with.”

David Lester  
Group Head of Corporate Strategy

Each of our CR pillars is led by a dedicated senior executive team sponsor, who oversees the development of our initiatives.
Progress on our commitments

In the past year, we have continued to make good progress towards our FY14 CR objectives.

<table>
<thead>
<tr>
<th>FY14 Commitments</th>
<th>Status</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continue to support the growth of the cleantech market, within our programme of support for SMEs</td>
<td>Ongoing</td>
<td>160 cleantech companies listed on our markets (see page 8).</td>
</tr>
<tr>
<td>Continue to promote financial education</td>
<td>Ongoing</td>
<td>Trading Online Expo in Milan and Private Investor Show in London in October 2013 (see page 13).</td>
</tr>
<tr>
<td>Support listed companies with the adoption of best-practice ESG reporting</td>
<td>Ongoing</td>
<td>GHG Seminar organised by Academy, Primary Market and FTSE on 12 July 2013 (see page 11).</td>
</tr>
<tr>
<td>Further develop the tools we offer to help investors incorporate ESG considerations into their investment process and across all assets</td>
<td>Ongoing</td>
<td>FTSE developing comprehensive range of ESG tools (see page 11).</td>
</tr>
<tr>
<td>Continue our technology transfer programme, through partnership with other exchanges</td>
<td>Ongoing</td>
<td>Partnership with Argentinian CSD and contract with Ghanaian CSD (see Annual Report page 35, and this report page 13 for our ongoing initiatives)</td>
</tr>
<tr>
<td>Continue our engagement with the Sustainable Stock Exchanges Initiative</td>
<td>Ongoing</td>
<td>The decision to become a member was announced on 2 June 2014. Project is ongoing to contribute to the programme.</td>
</tr>
<tr>
<td>Continue to develop a cohesive Group-wide CR offering</td>
<td>Ongoing</td>
<td>Development of new CR strategy and pillars, with pillar sponsorship programmes from our senior executive team (see page 4).</td>
</tr>
<tr>
<td>Align the Foundation’s approach (such as charitable donations) more directly to our overall CR strategy</td>
<td>Ongoing</td>
<td>CR strategy discussed at Executive Committee meeting in January 2014 and presented to the Board in March 2014. Plans being developed to further enhance alignment with the Our Communities CR pillar</td>
</tr>
<tr>
<td>Further develop our stakeholder engagement and appropriate reporting frameworks</td>
<td>Ongoing</td>
<td>Alternative approaches under consideration and subject to CR strategy. Enhancing CR reporting, in line with international standards (see page 24)</td>
</tr>
<tr>
<td>Set and publish environmental targets on our website during FY14, in the areas of energy, water, waste, travel and procurement</td>
<td>Complete</td>
<td>CRedit360 software implemented and targets defined (see page 26).</td>
</tr>
<tr>
<td>Form a Group-wide framework to manage our ongoing environmental performance</td>
<td>Complete</td>
<td>Environmental Management Group established (see page 25).</td>
</tr>
</tbody>
</table>

In the past year, we have continued to make good progress towards our FY14 CR objectives.
Pillar 1 – Our Markets

The Group is committed to providing sustainable, trusted markets. We operate a broad range of international equity, bond and derivatives markets, which are transparent, efficient, resilient and open-access.

Equity markets have a crucial role in financing companies, particularly SMEs, as well as promoting growth and employment opportunities. Through our range of primary markets, we offer companies from the UK and across the world unrivalled access to Europe’s capital markets. We aim to support the financial ecosystem and to give companies access to capital at each stage of their life cycle, from start-up to large multinational.

Internationally, our collaborations support the development of local markets, to enable their domestic economies to advance and flourish. As well as offering companies from these regions an opportunity to access capital and liquidity through our exchanges, we work with local stock exchanges, government departments and financial regulators to improve the domestic situation (see 2014 Annual Report page 35 for information on our Global Business Development services).

I. Efficiency, transparency and neutrality

We build trusted markets that can be relied upon by our customers and understood by all investors, however small and wherever they are based.

Market technology

Our markets, and those we collaborate with, are underpinned by technology which needs to be high-performance, low-latency, resilient, flexible and cost-effective. We continue to invest significantly, through our Sri Lankan technology subsidiary MillenniumIT, to create a world-leading suite of products that meet these criteria. We aim to set the global standard for multi-asset, straight-through processing (STP) solutions.

Information dissemination

Timely, global dissemination of relevant corporate information underpins efficiency and trust in our markets. Regulatory News Service (RNS) continues to be the provider of choice for the vast majority of quoted companies, for their regulatory disclosures. Potentially price-sensitive information, supported by accurate trading reference data, is made available to the investment community via RNS’s extensive range of free and subscription-based distribution services, such as on Bloomberg, Thomson Reuters, Dow Jones and our own website.

The RNS platform has expanded rapidly in recent years, to give companies listed on our markets and elsewhere a one-stop solution for their global regulatory filing needs. It works in conjunction with Borsa Italiana’s RNS-equivalent news service, SDIR-NIS.

“WE STRIVE TO DEVELOP MARKETS THAT CAN SUPPORT THE LONG-TERM PROSPERITY OF THE ECONOMIES WE SERVE.”

Raffaele Jerusalmi
Group Director of Capital Markets
CEO, Borsa Italiana

Benchmarking the world’s stock exchanges

As part of our ongoing commitment to providing reliable, transparent markets, we support and encourage issuer disclosure on ESG issues. In October 2013, Corporate Knights Capital released its report: “2013 Trends in Sustainability Disclosure. Benchmarking the World’s Stock Exchanges”. The report ranks the world’s stock exchanges, based on the extent to which their large listed companies disclose the seven “first generation” sustainability indicators: employee turnover, energy, greenhouse gases, lost-time injury rate, payroll, waste and water. Both of the Group’s stock exchanges were ranked among the top 15, with London Stock Exchange coming 11th and Borsa Italiana coming 13th out of 45 exchanges. London Stock Exchange ranks third among the major stock exchanges.

103%

Annual increase in market turnover from environmentally friendly exchange-traded funds (from £53.1m in 2012 to £108.0m in 2013)
Pillar 1 – Our Markets continued

Our partnership with the Social Stock Exchange

On 6 June 2013, the Social Stock Exchange (SSE) was officially announced at the G8 Social Impact Investment Forum held in London. The SSE is a world-first initiative in social impact investment that we support.

The SSE is an online portal that gives investors access to information on publicly listed businesses with strong social and environmental purpose, and guarantees full and transparent disclosure on the impact of those businesses. To gain admission to the SSE, companies first need to be listed on a regulated stock exchange – hence the Group’s involvement in supporting this initiative. Companies will then need to comply with separate SSE admissions criteria. The SSE’s admissions process includes the publication of an independent Impact Report prepared by specialists in social impact. Applications are reviewed and approved by an independent Admissions Panel, meaning that investors can rely on a sound vetting procedure, based on best-practice disclosure.

Working alongside other high-profile organisations such as the City of London Corporation and the Rockefeller Foundation, we will be working to promote the SSE and build the pipeline of future social impact businesses. In doing so, we aim to make London a world-leading venue for these companies and their investors. As Xavier Rolet commented, “London Stock Exchange Group supports the Social Stock Exchange in order to provide entrepreneurial and growth companies with increased visibility within the social sector and access to a wider pool of engaged investors.”

Twelve social impact businesses have been admitted to the platform as Founder Members and their market capitalisation ranges from less than £10 million to more than £250 million, with an aggregate capitalisation of over £350 million.

Governance best practice

The Group fully supports good corporate governance, which brings stability, transparency and trust to markets. In the UK, the UK Corporate Governance Code and the Stewardship Code, and in Italy, the Italian Corporate Governance Code, ensure that companies are both accountable to and run in the long-term interests of shareholders. These internationally recognised frameworks encourage trust and investor confidence in our markets, which in turn improves companies’ ability to attract new investment and underpins sustainable economic growth. LSEG is also a member of the UN Sustainable Stock Exchanges Initiative, a peer-to-peer learning platform for exploring how exchanges, in collaboration with investors, regulators and companies, can enhance corporate transparency on ESG issues and encourage sustainable investment.

Neutral decision-making

The Group’s exchanges, trading platforms and clearing and settlement infrastructure are at the centre of the financial markets we operate in. In many cases, we also make regulatory decisions in our rules, including those governing the behaviour of trading participants and the admission of issuers’ securities. We therefore ensure that our decisions and the way we operate these markets take account of this position and the diverse range of stakeholders that depend on us. We seek to provide non-discriminatory access to our facilities, to ensure that our governance and conduct is independent, and to appropriately manage any conflicts of interest. We expect high standards of ethical behaviour from our employees. We also look to work in partnership with our customers and in an open and co-operative manner with regulators.

Our work further afield

Our collaboration with frontier markets in less-developed countries involves supporting and developing capital markets, to enable their economies to advance and flourish. We work with individual companies and the stock exchanges in these regions, as well as government and financial regulators.

For example, in 2011, London Stock Exchange Group, the State Property Committee of Mongolia and the Mongolian Stock Exchange signed a master services agreement to become strategic partners and develop the Mongolian capital market. Over the last three years, we have worked together with the Mongolian capital market to help deliver new technology at the exchange and central securities depository; implemented new exchange rules and a new securities law; provided comprehensive training for Mongolian capital market participants; and moved the market to a T+3 settlement cycle. Mongolia is now included within the September 2013 FTSE Frontier Watch List for possible inclusion as a frontier market.

II. Promoting future-oriented asset classes

We enable and encourage investments in asset classes that promote the wellbeing of future generations or those in need now.

Cleantech companies

We are well placed to support the burgeoning cleantech sector and we organise events to promote these companies on our markets. FTSE, through its environmental market indices, also helps investors to identify and gain exposure to firms in six environmental market sectors: renewable and alternative energy, energy efficiency, water infrastructure and technologies; pollution control; waste management and technologies; and environmental support services.

We facilitate access to capital for cleantech companies and currently have 160 on our markets. Our markets also accommodate funds investing in this sector. For example, the Renewable Infrastructure Group Limited raised £300 million when it joined the Main Market in July last year, and a further £66 million of equity capital in April 2014, enabling a broader range of investors to participate in the fund.

We seek to provide non-discriminatory access to our
Pillar 1 – Our Markets continued

Green exchange-traded funds
We encourage responsible investment by private investors, by providing a framework for listing exchange-traded funds (ETFs) that track socially responsible and environmentally friendly indices. Trading in green ETFs increased significantly in 2013, compared to 2012. There are currently nine socially responsible or environmentally friendly ETFs listed on London Stock Exchange and 11 on Borsa Italiana.

Responsible commodity trading
IDEM is the Italian derivatives market managed by Borsa Italiana. Through it, we facilitate and encourage transparent and responsible commodity trading, with our commodity derivatives segments in agriculture and energy – AGREX and IDEX.

We created AGREX in anticipation of the commodity trading requirement set by MiFID II, the recently approved European directive on financial instruments. Binding position limits and physical delivery are measures that guarantee the market’s integrity and orderly functioning.

Currently, durum wheat futures are listed on AGREX. Durum wheat is primarily used to produce pasta in Europe and couscous in North Africa and the Middle East. Supply variations can create extreme price volatility, so industry operators can hedge their positions and mitigate price risk using durum wheat futures.

AGREX is not a zero-sum game: wheat producers, millers and food producers all have interest in fixing the price of crops yet to be produced. This promotes better business planning, greater profitability and increased price transparency.

AGREX therefore benefits both the buy and sell sides of the agri-food chain, while financial players can offer final users services such as market access and clearing.

Commodity trading was also discussed during the sustainable and responsible investment week organised by the Italian Sustainable Investment Forum (Forum per la Finanza Sostenibile) in November 2013, where Borsa Italiana joined NGOs and campaigners in a panel discussion on the sustainability impact of food commodity trading.

Italian power derivatives are traded on IDEX. A complete set of products, baseload and peakload monthly, quarterly and yearly power futures, gives Italian industry the opportunity to manage its electricity price risk on a transparent regulated market, with the benefit of a central counterparty.

Social bonds
We continue to work with issuers and advisors to improve capital market access for social businesses and other not-for-profit entities. In October 2013, A2Dominion issued the largest social housing retail bond so far, through its subsidiary A2D Funding plc. This 4.75 per cent bond raised £150 million and is listed on the Order Book for Retail Bonds (ORB). A2Dominion joined Places for People, the first housing association to issue a retail bond on ORB in June 2011.

III. Helping small businesses grow
We undertake “patient” promotion and education initiatives that help bridge the gap between small enterprises and access to vital growth capital.

Our High Growth Segment
Ensuring that the UK’s fastest-growing and most dynamic companies have access to equity capital is a priority for us. In March 2013, we launched a new segment of the Main Market designed to assist mid-sized European and UK companies that need access to capital and a public platform to continue their growth. High-growth companies are those that can demonstrate significant growth in revenues but may not meet all of the criteria for listing on the Main Market. The UK has a world-leading crop of high-growth businesses and the launch of the High Growth Segment is an important step in creating the right environment for them to access capital in London. In April 2014, JUST EAT plc became the first company to admit to the High Growth Segment.

Working with the Government, we are committed to making the UK the best place in the world to start and grow a business. High-growth companies are a key driver of job creation and these companies will be vital contributors to economic recovery.
Our AIM markets
It is important to enable smaller growing companies to access an international market, and we have done so with our AIM market. A wide range of businesses including early stage, venture-capital-backed and more established companies join AIM to raise growth capital.

Since August last year, UK savers have been able to include AIM shares in their tax-efficient individual savings accounts (ISAs). This followed a sustained period of public policy work by us. The change has contributed to renewed market confidence and significant investor interest. In FY14, following the inclusion, the AIM All-Share Index has risen by 20 per cent, sending a clear message that UK equity markets are open for innovative UK SMEs. The commitment to abolish stamp duty and the stamp duty reserve tax on AIM share purchases from 28 April 2014 is expected to further strengthen the perception of the UK as a place for companies to raise capital and create jobs using our markets.

Since April 2013, we have seen a good recovery in equity issuance for domestic and international companies across our markets. In total, there were 114 new issues on AIM and the Main Market in FY14, raising £14.0 billion. Of these, 92 were UK companies, raising a total of £10.2 billion. Companies already on our markets raised an additional £16.8 billion over the same period. Looking ahead, the pipeline of companies working to join our markets remains encouraging.

AIM Italia – MAC is the Italian market dedicated to SMEs with high growth potential. It was launched in 2008 and has recently seen a positive trend in the number of listings. As of March 2014, 41 companies had joined AIM Italia – MAC, 20 of which listed since the beginning of 2013.

In total, companies on AIM Italia – MAC have raised over €425 million, with €244 million of this coming since the start of 2013. This shows a growing and encouraging interest in the market. The success of the recent IPOs, in terms of oversubscription and capital raised, is also consolidating the local financial community’s positive perception of the market and contributing to a substantial boost in the number of companies considering joining AIM Italia – MAC in the current year.

The ELITE programme
LSEG introduced the ELITE platform in Italy in 2012, in collaboration with the Bocconi University, key Italian institutions and entrepreneurial associations. ELITE facilitates long-term structured engagement between ambitious SMEs, industry experts and the corporate advisory and investor community, helping the SMEs prepare and structure for external investment and the next stage of growth.

We are now extending the programme’s reach. ELITE UK, launched in April 2014, seeks to enhance the growth prospects of member companies through a unique package of education, business support, coaching and access to investors and business leaders.

It will seek to emulate the success of ELITE Italy, which now has 150 companies from a broad range of industry sectors, with an average revenue of €105 million (as of 7 May 2014).

Our STAR segment
Created in 2001, STAR is the market segment of Borsa Italiana’s equity market (MTA) dedicated to SMEs. Most of the companies listed on STAR are leaders in their industry and represent Italy’s economic diversity and strong competitiveness. In the last year, the FTSE Italia STAR index has outperformed MTA. Each year, the annual STAR Conference is a chance for companies listed on the STAR segment to showcase their performance and gain exposure to international investors and the financial community. This year the 12th STAR Conference was held in Milan, with 57 companies meeting 175 international investors for a total of more than 1,200 one to one meetings.

ExtraMOT Pro
ExtraMOT Pro is a segment of our bond market offering, which we launched in March 2013. It enables SMEs and unlisted companies to raise funds by issuing debt securities, or “minibonds”, giving them access to the capital markets and an alternative method of funding. By helping smaller businesses to grow and develop, it can encourage overall economic growth. ExtraMOT Pro allows Italian corporates to take advantage of the fiscal benefits brought about by recent changes to the Italian regulatory framework. In FY14, 27 issuers have admitted minibonds, raising over €2 billion.

average revenue of ELITE Italy companies
(as of 7 May 2014)

€105m

average revenue of ELITE Italy companies (as of 7 May 2014)
Pillar 2 – Our Services

The Group provides critical infrastructure services that support and enable sustainable growth, from preventing market failures to responsible investment solutions and international knowledge sharing. Our sustainability services include tools to help institutional investors incorporate ESG matters into investment decisions; the UnaVista Rules Engine, helping customers manage their regulatory requirements; and our Academy, which hosts numerous international training programmes.

Our services encourage customers to develop their understanding of the financial markets and to make responsible investment decisions in a stable, efficient environment. We support investors in their analysis, decision-making and stewardship; companies in understanding upcoming regulation and best practice in disclosure and reporting; market participants by reducing risks associated with financial transactions; exchanges in developing strong infrastructure and indices to support capital flows; and intermediaries in gaining efficient access to our markets.

We are committed to developing products and services that support sustainable investment and that promote collaboration and knowledge sharing.

FTSE4Good
Over the last 12 years, FTSE has carried out nine market consultations, to develop a broad set of criteria covering issues ranging from supply chain labour standards to nuclear power. Over this time, we have seen investor demand for ESG data and services grow significantly.

The FTSE4Good Index Series was launched in 2001 and pioneered the concept of integrating ESG considerations into investments. In 2011, FTSE complemented the FTSE4Good indices with ESG Ratings, which provide a comparable ESG risk and performance profile of companies globally. Both the ratings and indices are overseen by the independent FTSE4Good Policy Committee, which is chaired by Sir Mark Moody-Stuart and has investor, business, NGO, union and academic representatives.

FTSE's partner for FTSE4Good was EIRIS, an independent research provider. In September 2013, we announced that after a long and successful collaboration, FTSE and EIRIS had agreed to cease working together. FTSE is developing a new methodology as the basis of the FTSE4Good index and related products and EIRIS and its research partners are no longer collecting data on behalf of FTSE. We are entering an important new phase for the FTSE4Good Series, in which FTSE has taken full ownership and control of both the indices and the ESG Ratings. As well as FTSE developing a new methodology for the FTSE4Good Index we will create an extended range of ESG index and data analytics services. As part of the new methodology, companies will be assessed against 14 ESG themes, covering more than 300 specific data points. From September 2014, the ESG ratings and assessments will change in line with the new methodology, which will then be phased into the indices.

"WE DEVELOP PRODUCTS AND SERVICES THAT ENABLE GLOBAL SUSTAINABLE INVESTMENT."

Mark Makepeace
Group Head of Information Services
CEO, FTSE

Case study: Supporting our markets, CDP event

In July, our Academy delivered a seminar in partnership with the Carbon Disclosure Project, to provide guidance to UK quoted companies on the new carbon emission reporting requirements.

The seminar provided advance insights to enable UK quoted companies to understand and prepare for these changes, as well as to consider what type of disclosure institutional investors really value.

The seminar’s primary benefit was in looking beyond the regulation to help attendees understand what data investors want, how they use it and the most efficient and effective ways for corporates to provide it. A session involving the BT pension scheme, Aviva Investors and FTSE discussed carbon and climate change investment approaches. TUI Travel and Tate & Lyle also discussed how taking an advanced approach to carbon measurement and management had generated significant benefits for their businesses.
**Pillar 2 – Our Services continued**

**Case study: Showcasing Pakistani Companies**

Pakistan Capital Markets Day, July 2013. 11 Pakistani companies participated in 131 meetings with London based investors, in an event hosted by LSEG in conjunction with Barclays Bank.

In July 2013, we hosted the second Pakistan Capital Markets Day. It featured 11 leading Pakistani companies, which are helping to drive the country’s economy. Our role is to work with these businesses and support their development. The day provided an excellent opportunity for the businesses to showcase their potential to a focused audience of global investors.

This was part of a series of events we run to facilitate dialogue between London-based global investors and international companies. Other recent events have included companies from Egypt, Lebanon, Africa, Jordan and Saudi Arabia. Such events provide the opportunity to reflect on the strong partnership between economies and how collaboration can be strengthened.

**Low-carbon economy transition**

In 2014, FTSE will add to its services with a low-carbon economy research and analytics platform, which will give investors an unprecedented ability to measure and model the industrial transition to a low-carbon economy, and the implications for portfolio construction. These services will be structured across asset classes, encompassing quantification of green equities, bonds and real estate. More details will be announced by FTSE during the year.

In April 2014, FTSE launched the FTSE ex Fossil Fuels Index Series, an innovative set of benchmark indices that excludes companies linked to exploration, ownership or extraction of fossil fuels. This ground-breaking launch provides a basis for the implementation of exclusion models for fossil fuel-linked stocks. BlackRock, the world’s largest fund manager, intends to launch funds to track the benchmark, using seed capital from the National Resources Defense Council.

**FTSE Custom ESG**

The FTSE ESG Service Unit and the FTSE Custom team have worked with a large number of asset owners, asset managers and banks to design and create ESG indices and data products to suit specific investment strategies or mandates. These indices are either based on one of our existing ESG indices or on a tailored universe, specific to particular market requirements. We have also worked with a range of third-party ESG providers in developing these custom solutions.

**Sustainability IR services**

Our Italy-based Investor Relations business line has been supporting client companies, both listed and private, in the development of online sustainability reports. In many cases our clients were setting out to issue their first ever sustainability report. We have so far supported 20 clients, who benefit both from our web technology capabilities and our experience in the financial information business.

**II. Preventing or withstanding market failures**

We offer services that support the entire process of a financial transaction and work to minimise disruptions that might affect economic stability.

As we operate at the heart of the financial markets, we have a responsibility to provide stable, neutral access to markets and services. A number of our services help customers to meet their regulatory needs and respond to a shifting economic landscape.

As the evolving regulatory environment focuses on ensuring financial market resilience and stability, our role in this field has never been more important. Managing risks associated with completing financial transactions is at the core of our central counterparty, clearing and settlement businesses. By limiting market failures and leveraging liquidity, we inject trust into financial markets and enhance market stability. Our acquisition of a majority stake in LCH.Clearnet Group last year has made us one of the leading global providers of these services.

**Central counterparty and clearing**

Central counterparties (CCPs) sit in the middle of a trade. They are the buyer to every seller and the seller to every buyer, and help to manage the risk of one party defaulting on the trade. CCPs therefore help markets to function in periods of market stress, and the importance of this role is reflected in recent changes in regulation. For example, the use of CCPs has now been mandated for over-the-counter trading. This aims to increase market stability.

Our custody services enable customers to manage their risk through:

— a full segregation between the CSD’s assets and the assets of its participants, and between the participants’ assets and the assets of their clients, giving each the security that in the event of a market incident each retain access to their assets;

— robust and effective reconciliation between issuers’ and intermediaries’ book entries, to ensure full integrity of each issuance; and

— real-time information between issuers and intermediaries, through the STP communication channel between the two types of clients. This allows timely, accurate and complete information on all corporate actions.

Having recently received regulatory approval from the CSSF, our new international CSD (globeSettle) is on track to begin operation in Summer 2014. globeSettle will build on Monte Titoli’s expertise and infrastructure.
Pillar 2 – Our Services continued

Collateral management
Markets are progressively shifting from unsecured to secured transactions. A secured market offers many benefits to asset managers, insurance companies, brokers/dealers, investment banks and commercial banks, enabling them to reduce risk exposure, increase returns and reduce capital absorption. This shift has made collateral management essential to every market participant, promoting stable, resilient markets.

X-COM is Monte Titoli’s tri-party collateral management platform. It allows customers to increase their internal liquidity, to optimise the use of their securities portfolios and to generate additional revenues. At the same time, it gives cash providers all the tools they need to effectively manage their risk, regardless of security type, nationality or currency. X-COM ensures no administrative burdens for customers and gives them full control of their securities portfolio.

III. Sharing knowledge
We constantly build knowledge of how efficient and trusted financial markets are organised and share it through partnerships with frontier, emerging and developed markets.

Financial education
It is important that we share our knowledge with private investors and other interested parties, to encourage the stable and efficient running of our markets and services. We have a number of ways of doing this, including free online and offline education.

LCH.Clearnet and CC&G provide central counterparty and clearing services to the financial market. Their robust risk management framework affords exceptional levels of protection to our members and clients. Collecting initial and variation margin is fundamental to this risk management process. In the event of a default, we use this margin to complete the trades and fulfil the defaulting party’s obligations. This ensures that the party on the other side of the trade is not affected by the default. LCH.Clearnet was named “Risk” magazine’s 2014 Clearing House of the Year.

Pre-matching and trade repository
We offer a number of services that smooth the transaction reporting process. For example, UnaVista allows customers to address multiple global regulations through one platform, giving them a powerful overview of all of their data, while minimising the technical burden of staying compliant. The UnaVista Rules Engine takes data from multiple customer sources before validating and enriching it against LSEG reference data and applying logic to determine which regulations it is eligible for.

Many global regulations require companies to have a unique Legal Entity Identifier (LEI). Customers can use UnaVista to request their own LEI and to access a database of every global LEI.

London Stock Exchange’s annual London Investor Show is the UK’s largest private investor conference. Now in its third year, it covers a wide range of asset types, sectors and geographies, and brings together investors, advisors, stockbrokers and market experts, giving delegates access to workshops, panel sessions and interactive seminars.

Each year, Borsa Italiana hosts the Trading Online Expo, targeting professional traders and retail investors interested in learning more about financial instruments, through seminars and face-to-face talks with exhibitors. This year’s event was attended by more than 4,300 people, who were able to view 40 registered exhibitors and 34 supporters, and attend 57 seminars.

We also publish a widely read online quarterly magazine called “Private Investor”, created by the Equity and Derivatives Private Investor team in 2012. This provides commentary on the markets and portfolio management from leading analysts, economists and fund managers. Developed in partnership with Prospect, the magazine is distributed to LSEG’s online news subscribers.

The Academy is our dedicated training hub for individuals and companies in the UK, Italian and international financial markets. Its specialists design, develop and organise a range of open enrolment and bespoke courses, as well as one-to-one coaching sessions. All the programmes aim to broaden understanding of the changing nature of the markets, with a particular focus on their evolving financial and regulatory benchmarks and training methods.

The Academy has deep experience of delivering bespoke training programmes for emerging and frontier market institutions and participants. These include the Mongolian Stock Exchange through our Global Business Development unit (see Annual Report, page 35), as well as the Angolan Capital Market Regulator, the Kuwait Stock Exchange, the Saudi Capital Markets Authority and Romanian and Tanzanian capital markets institutions.
Pillar 3 – Our People

“AS A KNOWLEDGE AND TECHNOLOGY COMPANY, WE RELY ON OUR EMPLOYEES’ TALENT, COMMITMENT AND CRITICAL THINKING FOR OUR LONG-TERM SUCCESS.”

Tim Jones
Group Head of Human Resources

Our people are at the heart of the success of our organisation, which relies on continuous product and service innovation, as well as developing close partnerships with our customers to achieve our vision of being the most trusted market expert. Attracting, developing and retaining the best people with the skills and energy needed to deliver our strategy is imperative for the Group. We support our employees’ talent in an environment built on partnership, integrity, innovation and excellence.

I. Talent for long-term high performance

We are proud of being able to develop a diverse workforce that works in an inclusive and healthy environment, where the focus is on enabling everyone to realise their full potential.

At the end of FY14, the Group employed 2,880 people, up 43 per cent from the end of FY13 due primarily to acquisitions. Excluding the acquisitions of LCH.Clearnet and EuroTLX in Italy, the Group’s employee base increased by 1.2 per cent. During the year, we attracted 375 talented individuals to the Group, offering them high-quality professional opportunities. Our voluntary employee turnover across all our operations increased slightly to 11.9 per cent, from 11 per cent last year. At the end of FY14, 97 per cent of our employees had permanent contracts (three per cent of which are part-time), with a further three per cent holding fixed-term contracts. Employees with fixed-term and part-time contracts have access to the same or equivalent development opportunities and benefits as those with permanent and full-time contracts.

To attract and develop talent consistently across our business, this year we invested significantly in implementing our Group Behavioural Framework.

This underpins our Code of Conduct and Group CR policy, by driving behaviours and focusing on competencies that are key to the Group’s long-term success. The core values informing the Group’s development – integrity, partnership, innovation and excellence – were embedded in the Group’s business practices through an extensive internal communication campaign and by developing a new performance management system.

To facilitate talent mobility across the organisation, we carried out the second phase of our contract harmonisation project, One Contract. The project reduces differences in legacy employment terms, conditions and benefits, by migrating employees, as far as possible, to a new common blueprint. The overarching aim has been to retain broad parity and either maintain or improve our current benefit offering. After unifying terms, conditions and benefits across our Italian legal entities, this year we harmonised the UK and US, with significant involvement of all staff through consultative Colleague Forums. The project included extending a flexible benefits suite to all staff across the UK and US. By looking at market best practice and learning from others, we have selected the terms, conditions and benefits arrangements most appropriate for the UK and US businesses. New joiners in our UK legal entities will be engaged on these terms.

We continued to invest in developing talent to meet the Group’s long-term needs through our fourth intake of graduates, who joined our two-year international Graduate Programme in September 2013. We also welcomed our first intake of four apprentices, hired through London-based charity City Gateway, as part of the “Evening Standard” newspaper’s “Ladder for London” campaign.

100% of eligible employees involved in performance appraisal

41% employee participation in the Group Sharesave plan (2013: 39%)
This year, our investment in training decreased to £938,000 from £1 million in FY13, excluding some LCH.Clearnet training expenditure. A major focus this year was on integrating LCH.Clearnet into the Group and developing a new matrix organisation model. Learning opportunities this year included extensive training on competition law and performance management. All eligible employees had an annual performance appraisal this year, ensuring alignment between individual remuneration and the Group strategy. We also upgraded this process by introducing a new people and performance management system and evaluating how people translate our values and behaviours into practice. All employees were invited for the first time to complete a self-evaluation, including a personal development plan. We have not yet deployed the new performance management system in LCH.Clearnet, EuroTLX and GATElab, whose financial year coincides with the calendar year.

Diversity and non-discrimination
We value diversity as a driver for innovation. Our operations span four continents, with offices in Canada, France, Hong Kong, India, Italy, Japan, Sri Lanka, the UK and the US. We have employees of 51 different nationalities, reflecting both the growing diversification of our business and the diversity of our customer base. Six nationalities are represented on our Executive Committee. At the end of FY14, women made up 32 per cent of our workforce. Our Executive Committee had one female member (11 per cent), and women comprised 14 per cent of our Group Board Directors, and 18 per cent of our Leadership Community (see page 31 for more details).

Our average employee is 37 years old, with 65 per cent in the 30-50 age bracket, 25 per cent under 30 years old and ten per cent above 50 years old.

As part of our One Contract initiative discussed above, this year we standardised our UK and US people policies, extending the Grievance and Maternity/Paternity Leave policies to all staff across the UK and US. In the process, we upgraded our maternity and paternity leave provisions.

Health and safety
The Group takes a proactive approach to health and safety, with a Group Health and Safety Manager responsible for the overall framework for Group safety to standardise our systems while providing for local cultural and legislative requirements.

This year there were no reportable accidents across the Group and no enforcement notices were received by any Group entities. A full Group health and safety audit was carried out during Q3-Q4, with no significant issues identified. Recommendations and action plans are being implemented by the health and safety forum, as part of our programme of continuous improvement.

II. Ethical behaviour
We embed our values into the way we manage our business, to ensure our decisions comply with the highest standards, as set out in our Group-wide Code of Conduct.

Developing the Group’s behavioural framework in 2013 was an important milestone in our efforts to align employees’ behaviours to the highest standards. Through our performance management system, we measure and develop all the behaviours associated with the values of integrity, partnership, innovation and excellence. This year, we carried out an extensive campaign to raise our employees’ awareness, starting at the top with the annual Group Leadership Forum, where we introduced the new set of values and behaviours in May 2013. ExCo members were subsequently involved in objective-setting sessions with their direct reports, to align business objectives with the Group’s behaviours. We then cascaded this approach throughout the organisation.

In October 2013, the first Group-wide “Innovation Week” aimed to bring this competence to life for our people, capturing ideas from all our locations. We are planning a Group-wide “Partnership Week” for 2014.
III. Staff engagement

We involve our staff in developing our business, creating opportunities for feedback at all organisational levels and leading to a widespread sense of ownership.

We help our employees and management stay abreast of change, through regular two-way communication about our performance against our strategic objectives. Our Leadership Team was involved in a number of initiatives designed to align all of our businesses, and we invited staff globally to attend regular updates with ExCo members. This year we also launched “Bond”, our new Group intranet, providing staff with opportunities for sharing knowledge across our geographies.

Our policy is to maintain well-developed communication and consultation practices with all employee representative bodies. We have 723 employees across Italy and France who are covered by collective bargaining agreements, equating to 25 per cent of our global workforce. There were no material disruptions to our operations from labour disputes during the year.

The UK Colleague Forum is made up of people from our business functions and gives UK employees the opportunity to discuss with management issues such as strategy, objectives, performance building and planning, as well as people and career development issues. It is also an important forum for discussing proposed organisational changes such as the integration of LCH.Clearnet with the rest of the Group. Finally, it gives employees the opportunity to provide valuable feedback to the London Management Committee, helping shape the future of LCH.Clearnet in London.

The Group’s reward strategy focuses on both the short term, through an annual bonus scheme linked to our global performance management system, and on the Group’s medium-term performance, through share schemes aimed at senior managers and staff. We also launched our fourth Sharesave Plan, inviting all staff in the locations where we have a critical mass of employees to join. Across the Group, 41 per cent of employees now participate in the plan, which is a saving scheme giving the option to purchase Group shares after three years. In addition, we offer benefits that are competitive for our industry within each country where we operate, as benchmarked by our appointed brokers in France, Italy, the UK and the US.
Pillar 4 – Our Communities

Our global presence continues to expand. We are dedicated to engaging with the growing number of communities in which we operate, whether through our charitable programmes, reducing our environmental footprint or encouraging an open dialogue with our stakeholders.

I. Philanthropy with impact
We align our charitable activities to our corporate values, supporting programmes that make a direct, positive and measurable impact on the communities most relevant to our business.

Investing in local communities
Serving the communities in which we operate has been an integral part of LSEG’s culture for many years. We recognise that a responsible and engaged business is a good business, and that our social responsibility is more important than ever.

The weak global economy and high youth unemployment in some parts of the world are contributing to rising social needs in many of our communities. We know that investing in these communities means investing in a brighter future, creating a stronger economy and a fairer society for all.

We work with a broad network of stakeholders to ensure our charitable commitments are relevant and sustainable.

Charitable giving
This year, the Group donated £1,661,000 to charity (2013: £1,193,000). This was a 39 per cent increase on last year. Excluding the charitable donations made through LCH.Clearnet, the increase in donations was 17 per cent. This year’s total donations are equivalent to £577 per employee, in line with £593 last year. Our donation per employee is 16 per cent higher than the benchmark calculated in research by the London Benchmarking Group, which showed that the average amount donated per employee by leading corporate donors was £499 in 2013.

<table>
<thead>
<tr>
<th>LSEG Charitable giving</th>
<th>FY14</th>
<th>FY13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donated directly to charities (mainly from FTSE and LCH.Clearnet)</td>
<td>£653,000</td>
<td>£394,000</td>
</tr>
<tr>
<td>Donated to LSEG Foundation</td>
<td>£1,008,000</td>
<td>£799,000</td>
</tr>
<tr>
<td>Total</td>
<td>£1,661,000</td>
<td>£1,193,000</td>
</tr>
</tbody>
</table>

Charity Trading Day, 28 March 2014
Over £500,000 was raised for charity.

"WE SEEK TO UNDERSTAND OUR IMPACTS ON OUR STAKEHOLDERS, TO TURN OUR MARKET PRESENCE INTO OPPORTUNITIES FOR ALL THOSE WE CONNECT WITH."

David Lester
Group Head of Corporate Strategy
Pillar 4 – Our Communities continued

LSEG Foundation
In 2010, LSEG established its Foundation to be a single channel for the Group’s charitable giving and a focal point for staff and their engagement with local charities.

The Foundation is a grant-making charitable trust, focusing on projects that help young and disadvantaged people to reach their full potential, by developing life skills and business enterprise. A key element of the Foundation’s work is involving the Group’s employees and providing them with volunteering opportunities, such as through our quarterly “Foundation Fridays”.

The Foundation has three principal sources of funding. First, it receives money through fine income collected by the Group. Second, staff make donations and organise fundraising events. This year’s fundraising initiatives include a charitable football tournament involving client firms and two editions of the very popular Alex City Quiz. Third, the Group donates the equivalent of all equity trading fees raised on the London Stock Exchange, Turquoise and Borsa Italiana during its annual charity trading day. The third such day, on 28 March 2014, raised more than £500,000.

Our partner charities, Friendship Works in the UK, In-Presa in Italy and Habitat for Humanity in Sri Lanka, benefit from a special multi-year relationship with the Group and are the Foundation’s key beneficiaries. UNICEF is our fourth partner charity, having held a 18-year relationship with FTSE.

In addition to our four partner charities, the Foundation reviews applications from charities whose work falls within the Foundation’s three priority areas for funding: arts and culture, healthcare, and children and youth. Most grants awarded are five-figure sums, usually in the £10,000-£50,000 range, with a conscious decision to support small, local charities that make a direct impact on the Group’s communities. Apart from its partner charities, the Foundation supported 28 charities in FY14 (FY13: 27).

This year, the Foundation donated £1,039,000, a 45 per cent increase on the £716,000 during FY13. The increase relates to the support for the 261 houses project in Sri Lanka (see page 19).

Case study: LCH.Clearnet Robert Levy Foundation
The Robert Levy Foundation is a London-based charity which inspires young people to become better and more responsible citizens, by offering development and educational opportunities. In collaboration with the charity, 15 LCH.Clearnet employees mentor sixth form students from the Mossbourne Community Academy in Hackney. The mentors meet the students each month, to discuss topics such as university and career choices. The students also completed a business-based project, which culminated in a presentation to Michael Davie, CEO of LCH.Clearnet Ltd, and a number of senior employees at an event at LSEG’s Paternoster Square offices.
Our partner charities

Friendship Works – UK
Friendship Works has provided mentors for children and young people in London since 1977, making it the UK’s oldest youth mentoring charity. The volunteer mentors meet the children they support regularly for two years, to build a friendship and make a difference. The mentors receive training from experienced caseworkers to help them understand what the children need from their mentor. We have hosted regular educational events at our London offices for mentors, caseworkers and beneficiaries, to give them an insight into financial services and the Group’s role.

In-Presa – Italy
Milan-based charity In-Presa provides vocational training, work-related learning, study assistance and job placement to young people from disadvantaged backgrounds. Last year, 40 young people supported by In-Presa got a chance to experience work and training at Borsa Italiana, where employees volunteered to mentor In-Presa students. These mentors act as contact points and listeners for the students, many of whom stay in touch with their mentor via email and social media to receive support as they embark on their careers.

Habitat for Humanity – Sri Lanka
Habitat for Humanity has built or repaired more than 600,000 houses and served over three million people around the world. Since 1995, its centre in Sri Lanka has been helping people affected by natural or man-made disasters, by engaging local and international volunteers to build houses for them using green and reusable materials.

May 2009 saw the end of more than 30 years of civil war in Sri Lanka. However, it also marked a humanitarian crisis of huge proportions. More than 300,000 people were displaced and communities and social and physical infrastructures had been destroyed.

MillenniumIT, in partnership with Habitat for Humanity Sri Lanka, put a proposal to the Foundation to build homes for displaced people in the North and East of the country. Through a combination of on-site house building and financial donations, MillenniumIT and the Foundation have helped build 54 houses for families in Sinnathammunai, a small village in Vakarai on the east coast of Sri Lanka, and a further 51 homes in the northern village of Muthiyankattikulam. MillenniumIT’s donations have also contributed towards the construction of a community centre. Many MillenniumIT employees also volunteer at weekends, spending time in the villages and with local people.

In 2013, the Foundation supported the refurbishment of 261 houses in Sinnathammunai, a programme which is now nearly 80 per cent complete.

Case study: Typhoon Haiyan appeal

In November 2013, one of the strongest typhoons in recorded history hit the Philippines. With the support of our charity partners UNICEF and Habitat for Humanity, a total of £7,900 was raised, inclusive of Foundation matching. These funds helped provide communities with fresh water, food and shelter and helped save the lives of many children.

 Ellen MacArthur Cancer Trust was founded by world-renowned sailor Dame Ellen MacArthur. It helps to increase the confidence of young people recovering from cancer, by taking them sailing. LCH.Clearnet has supported the Trust since 2012. Our corporate donation in 2013 allowed the Trust to take an additional 60 young people on sailing and residential activity weeks. Ellen attended the firm’s “town hall” in January 2013 to talk to staff. A number of employees have also held fundraising events on the Trust’s behalf, including participating in the Great South Run and the London Marathon.
Pillar 4 – Our Communities continued

UNICEF – global
As a global charity, UNICEF has been at the forefront of helping disadvantaged children in different aspects of their lives, from sanitation and health to education and safety. FTSE and UNICEF have developed a strong partnership over the last 18 years, with FTSE donating £4 million since 2001. Together, they focus on issues such as climate change, disease prevention and the protection of children. This partnership also allows employees to engage with UNICEF’s projects and experience them first hand. In April 2014, a number of employees from across the Group joined UNICEF’s Emergency Simulation Exercise and were assigned key roles within a simulated emergency. Employees had to contend with multiple pressure while ensuring that they were making the best decisions to help children who were at their most vulnerable.

Linking charitable donations to our business strategy
In FY14, the Foundation established a three-year partnership with the New Entrepreneurs Foundation (NEF). The charity promotes entrepreneurship among young people in the UK, involving a wide network of corporates in providing mentoring, business experience and training to carefully selected aspiring entrepreneurs. On 6 March 2013, the Foundation hosted a conference organised by NEF, under the title “The importance of small, high-growth businesses to the UK economy”. Xavier Rolet, Group CEO, delivered the keynote speech. David Lester has joined NEF’s Business Council, the advisory body providing input to the charity’s development programmes. This partnership is just one example of how the Foundation’s work aligns to the Group’s CR strategy.

The IPO Matching Scheme is another example of the Group linking charitable giving to its business activity. In FY14, the Foundation collaborated with Fondazione Cariplo, Italy’s largest banking foundation, to launch this programme. Borsa Italiana invites companies newly listed on the main market to donate to one of a portfolio of charities. Fondazione Cariplo then matches the donation. The first donation with matching from Fondazione Cariplo was recorded this year.

II. A lighter footprint
We address our environmental impact wherever we operate, thinking of present and future generations, and making efficiency savings for the business.

Emission management
Over the last three years, we have transformed our approach to the environment. We have become an organisation that is proactively improving its environmental credentials, particularly our management of our greenhouse gas (GHG) emissions. The Group’s primary GHG emissions arise from energy, waste and water in our offices and data centres, from staff travel, and indirectly from our supply chain (see the Environment section on pages 25 to 29 for details of emissions and targets).

We are taking an active approach to emissions management, with our global Environmental Management Group accurately measuring GHG impacts across our 51-location property portfolio, including managed offices where possible. We report performance quarterly via our intranet and annually on our website, and respond to information requests from the annual Carbon Disclosure Project survey, Dow Jones Sustainability Index and FTSE4Good.

Water, waste and paper
Efficient management of resources is a crucial issue for businesses and, as a global company, we need to address these challenges in a way that is appropriate for each country. Globally, we aim to achieve zero waste to landfill and a 90 per cent recycling rate, a target we have already met in most locations. However, in Sri Lanka and China, we need to work in partnership with our local waste contractors to develop solutions for waste segregation and landfill avoidance, where industry, standards are not already in place.

We learn from and adopt best practices from across the Group, such as rolling out toilet water-saving initiatives that are effective in Milan and London. We will ensure that all of our paper comes from recognised sustainability sources, and look for paper-saving initiatives that both reduce consumption and increase our business efficiency, through improving processes and our use of technology.

Supply chain
Who we choose to do business with reflects on our brand, corporate values and reputation. We therefore look for suppliers who share our values. We also have a number of environmentally friendly sourcing programmes. For example, we insist on environmentally friendly disposal of our technology hardware.

To enhance our focus on sustainable sourcing, we are introducing a Supplier Code of Conduct. This will help us to protect human and labour rights, and to follow environmentally responsible practices. The Code will be part of our selection criteria for future suppliers.

In addition, we will ask our current critical suppliers to sign up to the Code.

Case study: Employee engagement, Green Week

We encourage staff engagement in our sustainability strategy through our annual “Green Week” and other initiatives. Green Week helps to catalyse the environmental changes we are working towards in the culture and strategy of the organisation. This year, numerous activities took place across the Group, including promoting greener commuting methods and the donation of business clothes to support disadvantaged men and women returning to the workplace after periods of unemployment.

As part of our Green Week activities in Sri Lanka, we launched an organic farming project in conjunction with a local school, to counter the excessive use of pesticides. We provided seeds, gardening equipment and the expertise to help the school children run and maintain the farm. The school will be able to sell the produce to our staff at market prices, nurturing their entrepreneurial and business management skills. The school is planning to use the funds raised to further develop the organic farming project. We will also provide information on how the children can grow similar crops in their own gardens.
Pillar 4 – Our Communities continued

III. Stakeholder engagement
Because we believe collaboration is the key to long-term success, we pride ourselves on being partners with our principal stakeholders, constantly listening and responding to their views.

Employee engagement
Foundation Fridays
These charity-focused days take place each quarter across all of our locations. They allow our employees to learn more about the work of our charity partners, and find out how to get involved through fundraising, volunteering or through making donations.

Staff fundraising
In addition to Foundation Fridays, our employees can take part in numerous fundraising activities throughout the year. The Foundation helps our employees in their fundraising activities by matching the amounts they raise for a registered charity, up to a maximum of £2,000 per person in any year. In the past year, our employees were involved in sports initiatives and other fundraising efforts such as bake sales, bike rides and marathons, raising over £30,000. Additionally, LCH.Clearnet raised £12,100 through staff fundraising initiatives.

Reading Buddies
Our “Reading Buddy” programme, in collaboration with the UK’s Tower Hamlets Education Business Partnership, has been going strong for the past three years. Volunteers are partnered with a pupil from Our Lady’s RC Primary School in Limehouse, East London, and they visit once a week to help with the child’s reading skills. In the past year, ten volunteers took part, supporting five children.

In addition, FTSE and LCH.Clearnet maintain partnerships with the East London Business Alliance and Inspire!, through which their employees visit schools in Newham and Tower Hamlets to help the students with their maths and reading.

Customer satisfaction surveys
Our customers range from individual private investors to some of the largest financial organisations. We can only succeed if we understand their needs and continue to meet them. We therefore take time to obtain feedback in a variety of ways, from product surveys to market consultations to large private investor events in Italy and the UK. We use this feedback to improve our customer service and to drive innovation of our products and services.

Consultations on market developments and transparent lobbying activity
Given the Group’s central role in the financial markets, it is important that we are active participants in both domestic and international consultations on relevant issues. By engaging with governments, inter-governmental agencies and regulators, we can help the communities that need it most.

In November 2013, Jo Swinson, Minister for Business at the Department for Business, Innovation and Skills, announced the relaunch of the UK Employee Share Ownership Index, which is now calculated by FTSE International, as part of the Department’s Employee Ownership One Year On Report. This report follows the government’s Nuttal Review of Employee Ownership and is designed to strengthen the UK’s financial services partnerships with three leading emerging economies of commercial relevance to the Group: Brazil, Nigeria and India. Through this taskforce, we provide advice and expertise on the direction of the UK government’s financial services engagement in these three economies.
Pillar 4 – Our Communities continued

UK Strategy Committee of TheCityUK
Alexander Justham, the CEO of London Stock Exchange plc, sits on this committee. It promotes the reputation of the financial and related professional services sector, and helps to connect it with the rest of the economy and the public.

International collaboration and promoting best practice
Through FTSE, the Group plays a leading role in ESG and sustainable investment initiatives globally and is a board or advisory council member for many. In 2005, FTSE joined a small group of leading investment institutions to develop the Principles for Responsible Investment (PRI). We were delighted to contribute and very much welcomed the Principles’ launch a year later. FTSE was an inaugural signatory and, for a long period, the only index provider signatory. Today the PRI has more than 1,000 members representing assets in excess of $34 trillion, or 15 per cent of the world’s investable assets, up from $4 trillion at the PRI’s launch. It has become the most important global initiative in shaping the development of ESG integration approaches. FTSE is also directly involved in most of the leading regional bodies for sustainable investment and finance.

FTSE has played a significant role in enhancing corporate ESG disclosure and practices around the world. It regularly develops new ESG criteria through market consultation, to capture emerging ESG risks. As FTSE introduces these requirements, its ESG team works closely with companies to help them understand the ESG criteria applied.

In July 2013, Edinburgh University published an article titled: “Do Responsible Investment Indices Improve Corporate Social Responsibility? FTSE4Good’s Impact on Environmental Management”. The article identified that FTSE’s regular strengthening of FTSE4Good’s eligibility criteria, combined with its direct communication and dialogue with companies, has been highly effective at catalysing improved corporate practices. By analysing responses from over 1,000 companies, the authors found that the rate of improvement in ESG practices doubled when a company directly engaged with FTSE regarding the FTSE4Good criteria.

Borsa Italiana is aware of the increasing importance of non-financial reporting as a means to unlock the value created by listed companies, beyond their financial performance. For this reason, Borsa Italiana is co-founder of the Italian Network for Business Reporting (NIBR), a peer-to-peer learning platform established to develop key performance indicators for intangible assets. The ultimate goal of this multi-stakeholder initiative is to set and test a standard for non-financial reporting. The working groups organised by NIBR are attended by listed and private companies, auditing firms and academics. In June 2013, at its annual meeting in Milan, NIBR hosted Paul Druckman, CEO of the International Integrated Reporting Council (IIRC), during its consultation on a proposed integrated reporting framework. On that occasion Paul Druckman signed a partnership agreement between IIRC and WICI, the network with which NIBR is associated. WICI is an international non-financial reporting initiative participated in by, among other parties, the Organisation for Economic Co-operation and Development and the European Commission. In July 2013 NIBR submitted its contribution to the IIRC consultation on behalf of WICI. Progress in the development of NIBR’s standard was marked this year by a pilot reporting exercise run with a major listed company.

1 Mackenzie et al (July 2014) in the journal “Corporate Governance: An International Review”.
Part 2
Our Overall CR Performance
Methodology overview

“ESG DATA THAT IS RELIABLE, CONSISTENT AND COMPARABLE IS CRITICAL FOR EFFICIENT MARKETS. WE ARE A CATALYST FOR THIS AND WE ARE ALSO COMMITTED TO HIGH-QUALITY REPORTING FOR OUR OWN BUSINESS.”

David Harris
Director FTSE ESG

Our membership of the UN-backed Sustainable Stock Exchanges Initiative and our work with investors and companies around the world mean we appreciate the importance of reporting ESG data that is reliable, consistent and comparable. Key challenges for investors wanting to use this data and for companies wishing to be best practice reporters include the divergent approaches and standards advocated, and the range of third-party data requests.

We are determined to help create a consensus around globally applicable standards, through FTSE’s ESG services and our work supporting listed companies. We have also reflected this position in our responses to public policy consultations, including with respect to the UK Companies Act and carbon reporting, and the European Commission’s consultation on its draft Directive on Non-Financial Reporting.

In advocating such a position, it is appropriate that our own reporting reflects best practice. This year, we aim to provide a baseline that we can develop and refine over time. We have therefore drawn on the Global Reporting Initiative (GRI) indicators and some of the new ESG data points that FTSE is developing. We have then applied a materiality assessment, to identify which are most relevant and meaningful for LSEG’s business. We will extend this in future years, drawing on other frameworks and putting more focus on those we feel are most significant to us. The reporting frameworks and guidelines we will review will include:

— the GRI
— the Carbon Disclosure Project (CDP)
— the Integrated Reporting Initiative
— the Sustainability Accounting Standards Board (SASB)

In addition to FTSE’s ESG Ratings, we are also reviewing other ESG ratings methodologies, to determine any additional measures we should report.

The following sections outline our initial set of indicators, spread across the environmental, social and governance areas.

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1 We note that SASB has also recently released a framework of indicators for exchanges, which we will review.

Case study: Driving efficiency in the London data centre

Technology is the engine of efficient financial markets. It facilitates access to capital and trading services, and creates the infrastructure that enables capital to flow and businesses and economies to thrive.

Ensuring our data centres are fast, efficient and resilient is fundamental to responding to our customers’ needs, minimising downtime and providing cost-effective trading solutions.

In the next financial year, we will complete a £9 million project to upgrade core plant and equipment. This will significantly increase the efficiency of our data centres, reducing both energy and water use in the largest consumption areas of our business.

Greater efficiencies are also being driven through consolidation of data centres from FTSE and our acquisition of LCH.Clearnet. This means the whole business benefits from the London upgrades, maximising our reductions in resource use.
Over the last three years, we have achieved considerable improvements in our approach to environmental sustainability. As the Group grows and our property portfolio expands, we are committed to utilising resources in ways that ensure the long-term sustainability and profitability of the business and have a positive impact on the environment.

Our offices host over 3,500 employees and specialist contractors, and we have data centres supporting the technology infrastructure of our own markets and those of our clients. The Group’s direct environmental impacts arise from these offices and data centres, 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 for and take advantage of these.

In FY14, we focused on developing our Group-wide response to managing environmental performance through:

— Setting and publishing environmental targets on our website in the areas of energy, water, waste, travel and procurement.
— Forming a Group-wide framework to manage our ongoing environmental performance.

Managing our environmental impact

David Warren, the Group’s CFO, reports to the Board on environmental issues.

This year, we formed an Environmental Management Group (EMG) across the business, to guide the Group’s environmental strategy, including the risks and opportunities arising from climate change.

The EMG is tasked with continually improving the Group’s environmental performance, including:

— Increasing efficiency and reducing consumption in areas including energy, water and paper usage, waste management and business travel.
— Ensuring that environmental considerations are incorporated in the Group’s purchasing policy and procurement decisions, including new developments, projects and materials.
— Engaging with clients, suppliers and community partners to promote environmental best practice.

The EMG is also responsible for managing the environmental performance of the Group’s property portfolio across 51 locations.

Sri Lanka’s sustainability champions team have taken the EMG a step further, developing a targeted sustainability strategy for the region, with a major focus on water, waste and renewable energy potential.
Environment continued

Our environmental performance
The EMG has set targets in the areas of energy, water, waste, travel and procurement. FY14 will become the Group baseline for our targets. We are targeting a five per cent improvement in all of these aspects in the next financial year, and a 20 per cent reduction in all aspects by 2020.

The targets have been developed through facilities managers and department heads across the Group identifying specific projects and quantifying potential savings. The targets are deliberately stretching, and though we feel a level of certainty for the next financial year, the 2020 targets will require us to constantly monitor technology and best practices from other companies to achieve our long-term aims.

During FY14, we have significantly improved data sourcing for our managed office locations, and managed data centres for Italy, FTSE and LCH.Clearnet. FY14 will become the Group’s baseline for our targets to incorporate these changes.

The performance summary below shows like-for-like comparison, where possible, against FY13.

<table>
<thead>
<tr>
<th>Business group</th>
<th>Comparable locations</th>
<th>New for FY14</th>
</tr>
</thead>
<tbody>
<tr>
<td>LSEG Global</td>
<td>— UK offices</td>
<td>— Italian data centres</td>
</tr>
<tr>
<td></td>
<td>— UK data centres</td>
<td>— Extrapolated shared offices (China, France, USA)</td>
</tr>
<tr>
<td></td>
<td>— Italy offices</td>
<td>— Global offices and data centres</td>
</tr>
<tr>
<td></td>
<td>— Sri Lanka offices</td>
<td>— Extrapolated shared offices (for example, France, Tokyo, Boston, Dubai)</td>
</tr>
<tr>
<td>FTSE Group</td>
<td>— N/A</td>
<td>— N/A</td>
</tr>
<tr>
<td>LCH Clearnet</td>
<td>— N/A</td>
<td>— N/A</td>
</tr>
</tbody>
</table>

All environmental impacts ↓ 20% 2020

<table>
<thead>
<tr>
<th>9-month targets¹</th>
<th>Carbon emissions ↓ 5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office energy use</td>
<td></td>
</tr>
<tr>
<td>Data centre energy use</td>
<td></td>
</tr>
<tr>
<td>Water consumption</td>
<td></td>
</tr>
<tr>
<td>Water production</td>
<td></td>
</tr>
<tr>
<td>Zero waste to landfill</td>
<td></td>
</tr>
<tr>
<td>100% FSC/PEFC paper</td>
<td></td>
</tr>
<tr>
<td>Business travel carbon</td>
<td></td>
</tr>
<tr>
<td>Video conferencing</td>
<td>20%</td>
</tr>
</tbody>
</table>

¹ There has been a change in our financial year calendar (see Annual Report for further details). The next financial year will run from 1 April 2014 to 31 December 2014.
The following tables summarise our relevant environmental disclosure based on FTSE4Good and GRI principles.

### Methodology and verification

We have reported all of the emission sources required under the Companies Act 2006 (Strategic Report and Directors’ Report) 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 FY14 Scope 1 and 2 emissions disclosed here and in the Directors’ and Strategic Reports of our Annual Report 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 a 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, the US Environmental Protection Agency eGrid, and International Energy Agency GHG emissions factors.

### Group comparable environmental performance

<table>
<thead>
<tr>
<th>Disclosure</th>
<th>Indicator</th>
<th>Performance FY13</th>
<th>Performance FY14</th>
<th>% Change</th>
<th>FY14 GHG emissions (tCO2e)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Data centres</strong></td>
<td>Energy</td>
<td>Electricity (kWh)</td>
<td>24,699,534</td>
<td>22,547,416</td>
<td>-8.71%</td>
</tr>
<tr>
<td></td>
<td>per m²</td>
<td>2,935.58</td>
<td>2,679.79</td>
<td>-8.71%</td>
<td>1.19</td>
</tr>
<tr>
<td></td>
<td>Natural gas (kWh)</td>
<td>1,319,001</td>
<td>1,461,693</td>
<td>10.82%</td>
<td>269</td>
</tr>
<tr>
<td></td>
<td>per m²</td>
<td>156.77</td>
<td>173.72</td>
<td>10.82%</td>
<td>0.03</td>
</tr>
<tr>
<td><strong>Water</strong></td>
<td>Data centre water consumption (m³)</td>
<td>33,971</td>
<td>34,300</td>
<td>0.97%</td>
<td>12</td>
</tr>
</tbody>
</table>

**Office space**

<table>
<thead>
<tr>
<th>Disclosure</th>
<th>Indicator</th>
<th>Performance FY13</th>
<th>Performance FY14</th>
<th>% Change</th>
<th>FY14 GHG emissions (tCO2e)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Electricity (kWh)</strong></td>
<td>United Kingdom</td>
<td>8,860,151</td>
<td>8,863,579</td>
<td>0.04%</td>
<td>3,945</td>
</tr>
<tr>
<td></td>
<td>Italy (100% renewable from hydro)</td>
<td>4,902,962</td>
<td>4,252,338</td>
<td>-13.27%</td>
<td>150</td>
</tr>
<tr>
<td></td>
<td>Sri Lanka</td>
<td>2,979,610</td>
<td>3,263,433</td>
<td>9.53%</td>
<td>1,531</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>16,742,723</td>
<td>16,379,350</td>
<td>-2.17%</td>
<td>5,626</td>
</tr>
<tr>
<td><strong>Natural gas (kWh)</strong></td>
<td>United Kingdom</td>
<td>1,319,001</td>
<td>1,461,693</td>
<td>10.82%</td>
<td>244</td>
</tr>
<tr>
<td></td>
<td>Italy</td>
<td>1,132,804</td>
<td>2,035,000</td>
<td>79.64%</td>
<td>375</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>2,451,805</td>
<td>3,496,693</td>
<td>42.62%</td>
<td>619</td>
</tr>
<tr>
<td><strong>Water (m³)</strong></td>
<td>United Kingdom</td>
<td>5,318</td>
<td>5,768</td>
<td>8.46%</td>
<td>1.98</td>
</tr>
<tr>
<td></td>
<td>Italy</td>
<td>6,759</td>
<td>5,578</td>
<td>-17.47%</td>
<td>2.17</td>
</tr>
<tr>
<td></td>
<td>Sri Lanka</td>
<td>24,662</td>
<td>31,691</td>
<td>28.50%</td>
<td>10.9</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>36,739</td>
<td>43,037</td>
<td>17.14%</td>
<td>15</td>
</tr>
</tbody>
</table>

1. 90 per cent of Italy electricity comes from 100 per cent renewable hydro sources.
2. Italy Q4 figures based on estimates due to unavailability of accurate invoice data.
3. Water increase due to swimming pool leak.
Group FY14 full environmental disclosure and nine-month targets

<table>
<thead>
<tr>
<th>Disclosure</th>
<th>Indicator</th>
<th>FY14 tCO₂e</th>
<th>FY15 Target</th>
<th>2020 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carbon footprint¹ (tCO₂e)</td>
<td>Total Group carbon footprint — per m²</td>
<td>24,451</td>
<td>24,451</td>
<td>↓5% tCO₂e per FTE</td>
</tr>
<tr>
<td></td>
<td>— per FTE</td>
<td>0.27</td>
<td>0.27</td>
<td>tCO₂e per £m revenue</td>
</tr>
<tr>
<td></td>
<td>— per £m Revenue</td>
<td>7.7</td>
<td>7.7</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Scope 1¹</td>
<td>22.47</td>
<td>22.47</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Scope 2¹</td>
<td>1,392</td>
<td>1,392</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Scope 3¹</td>
<td>21,451</td>
<td>21,451</td>
<td></td>
</tr>
</tbody>
</table>

| Data centre energy | Electricity (kWh) per m² | 29,733,180 | 13,107 | ↓5% tCO₂e per m² |
| | Natural gas (kWh) per m² | 1,461,693 | 269 | tCO₂e per £m revenue |
| | Diesel (litres) | 747,208 | 181 | Data centre project |

| Office space energy | Electricity (kWh) | 25,197,994 | 8,344 | ↓5% tCO₂e per FTE |
| | Natural gas (kWh) | 3,899,918 | 701 | LED lighting retrofits |
| | LPG (kWh) | 126,289 | 29 | Aircon and heating upgrades |
| | Diesel (kWh) | 327,393 | 79 | Smart PC desktop replacements |
| | TOTAL per FTE | 29,461,594 | 9,153 | Heating and cooling management |
| | Office space energy use from 100% renewable sources | 928 | 3 | Staff engagement |
| | | 13% | | |

| Water (m³) | Data centre | 34,300 | 12 | ↓5% m³ per £m revenue |
| | Office space | 49,845 | 17 | Data centre project |
| | TOTAL per FTE | 84,145 | 29 | Toilet flushing technology |
| | | 27 | 0.01 | Staff engagement |

1. Combustion of fuel and operation of facilities including Natural gas, Diesel, LPG and Fleet vehicles.
2. Purchase of electricity by the Group for its own use. The Group does not purchase heat, steam or cooling.
3. Including air travel, waste and water.
4. Our GHG emissions figures here cover Scope 1, 2 and 3 emissions. They differ from the figures reported in our Annual Report, which cover Scope 1 and 2 emissions only.
## Environment continued

### Waste (tonnes)

<table>
<thead>
<tr>
<th>Disclosure</th>
<th>Indicator</th>
<th>FY14</th>
<th>tCO₂e</th>
<th>FY15 Target</th>
<th>2020 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waste</td>
<td>Total waste produced</td>
<td>1,504</td>
<td>32</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Waste recycled</td>
<td>1,177</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>– Waste to energy</td>
<td>278</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>– Waste to landfill</td>
<td>49</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>– Paper &amp; cardboard</td>
<td>611</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>– Glass</td>
<td>31</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>– Organic</td>
<td>173</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>– Mixed recycling</td>
<td>362</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Recycling %</td>
<td>78%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Waste to energy</td>
<td>278</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Waste to landfill</td>
<td>49</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Paper &amp; cardboard</td>
<td>611</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Glass</td>
<td>31</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Organic</td>
<td>173</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Mixed recycling</td>
<td>362</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Recycling %</td>
<td>78%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total waste</td>
<td>1,504</td>
<td>32</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total waste recycled</td>
<td>1,177</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Waste to energy</td>
<td>278</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Waste to landfill</td>
<td>49</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Paper &amp; cardboard</td>
<td>611</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Glass</td>
<td>31</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Organic</td>
<td>173</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Mixed recycling</td>
<td>362</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Recycling %</td>
<td>78%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Zero waste to landfill target excludes Sri Lanka. We will be engaging with suppliers throughout the year to work towards this goal being achievable.

Note: Extrapolation has been used where limited data available i.e. Serviced offices.

### Fleet vehicles

<table>
<thead>
<tr>
<th>Disclosure</th>
<th>Indicator</th>
<th>FY14</th>
<th>FY15 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diesel (litres)</td>
<td>26,527</td>
<td>71</td>
<td></td>
</tr>
</tbody>
</table>

### Fugitive emissions

<table>
<thead>
<tr>
<th>Disclosure</th>
<th>Indicator</th>
<th>FY14</th>
<th>FY15 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emissions from Aircon &amp; refrigeration</td>
<td>61</td>
<td>61</td>
<td></td>
</tr>
</tbody>
</table>

### Air travel

<table>
<thead>
<tr>
<th>Disclosure</th>
<th>Indicator</th>
<th>FY14</th>
<th>FY15 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long haul</td>
<td>6,856,760</td>
<td>1,374</td>
<td></td>
</tr>
<tr>
<td>Short haul</td>
<td>1,631,121</td>
<td>163</td>
<td></td>
</tr>
<tr>
<td>Domestic</td>
<td>50,557</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>8,548,438</td>
<td>1,546</td>
<td></td>
</tr>
<tr>
<td>per FTE</td>
<td>2,493</td>
<td>0.69</td>
<td></td>
</tr>
</tbody>
</table>

### Paper consumption

<table>
<thead>
<tr>
<th>Disclosure</th>
<th>Indicator</th>
<th>FY14</th>
<th>FY15 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>100% FSC/PEFC Paper</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Procurement and projects

<table>
<thead>
<tr>
<th>Disclosure</th>
<th>Indicator</th>
<th>FY14</th>
<th>FY15 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>– Introduce sustainable procurement into procurement policy to understand supply chain practices and impacts</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– Introduce sustainability criteria into projects and refurbishment policies</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The social pillar proposes measures and indicators of the Group’s impact on people inside and outside the organisation, with particular focus on the following areas:
— Labour standards
— Health and safety
— Supply chain

The indicators to the right are those we consider relevant for the Group, based on feedback from internal stakeholders. Please see the “Our People” section for further details about labour standards and health and safety.

Our social performance
The table to the right summarises our social disclosure based on FTSE4Good and GRI principles. The data is as of 31 March 2014.

<table>
<thead>
<tr>
<th>Disclosure</th>
<th>Indicator</th>
<th>Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment</td>
<td>Employees by region:</td>
<td>Total</td>
</tr>
<tr>
<td></td>
<td>United Kingdom</td>
<td>1,315</td>
</tr>
<tr>
<td></td>
<td>France</td>
<td>204</td>
</tr>
<tr>
<td></td>
<td>Italy</td>
<td>519</td>
</tr>
<tr>
<td></td>
<td>Sri Lanka</td>
<td>695</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>147</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>2,880</td>
</tr>
<tr>
<td></td>
<td>Employees by contract type:</td>
<td>Total</td>
</tr>
<tr>
<td></td>
<td>Full-time</td>
<td>2,707</td>
</tr>
<tr>
<td></td>
<td>Part-time</td>
<td>87</td>
</tr>
<tr>
<td></td>
<td>Fixed-term</td>
<td>86</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>2,880</td>
</tr>
<tr>
<td></td>
<td>Employees covered by collective</td>
<td>25%</td>
</tr>
<tr>
<td></td>
<td>bargaining agreements:</td>
<td></td>
</tr>
<tr>
<td>Health and safety</td>
<td>Number of health and safety</td>
<td>0</td>
</tr>
<tr>
<td>Training and education</td>
<td>Employees receiving regular</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>performance and career</td>
<td></td>
</tr>
<tr>
<td></td>
<td>development reviews:</td>
<td></td>
</tr>
</tbody>
</table>

Case study: Community outreach where our business has an impact

The Group is engaged in a reconstruction project in the areas of Sri Lanka affected by the conflict that ended in 2009, with the aim of providing houses for internally displaced minorities. The project is funded by the Foundation and carried out by a local charity, Habitat for Humanity Sri Lanka.

The Group has also collaborated with UNICEF in Italy on a survey covering a sample of Italian listed and private companies, investigating the implementation of the Children’s Rights and Business Principles, launched in March 2012.
**Social continued**

### Supply chain

The Group recognises the importance of its suppliers as strategic partners and stakeholders affected by our business operations. London Stock Exchange is a signatory of the UK Prompt Payment Code, which is about encouraging and promoting best practice between organisations and their suppliers.

Prompt payment is critical to the cash flow of every business, and especially to smaller businesses within the supply chain. But it is not just the timeliness of payment, though fast payment is always welcome, but rather the certainty of getting paid that is really important, and enables businesses to plan both for their short and longer-term futures. London Stock Exchange also recognises the social and environmental impact that it can deliver through its supply chain.

As already stated in the Environment section of this report, the Group plans to introduce sustainable procurement into its procurement policy, to understand supply chain practices and impacts. Our suppliers are already asked to comply with our Code of Conduct and required to apply a similar code of conduct to their operations (see Governance section).

### Disclosure Indicator Data

<table>
<thead>
<tr>
<th>Disclosure</th>
<th>Indicator</th>
<th>Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diversity and equal opportunity</td>
<td>Employees by gender and region:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>% Female</td>
</tr>
<tr>
<td></td>
<td>United Kingdom</td>
<td>1,315</td>
</tr>
<tr>
<td></td>
<td>France</td>
<td>204</td>
</tr>
<tr>
<td></td>
<td>Italy</td>
<td>519</td>
</tr>
<tr>
<td></td>
<td>Sri Lanka</td>
<td>695</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>147</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>2,880</td>
</tr>
<tr>
<td></td>
<td>Group by gender and organisational level:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>% Female</td>
</tr>
<tr>
<td></td>
<td>LSEG plc Board</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td>LSEG Subsidiary Boards1,3</td>
<td>136</td>
</tr>
<tr>
<td></td>
<td>Executive Committee and Leadership Teams2,3</td>
<td>113</td>
</tr>
<tr>
<td></td>
<td>All staff</td>
<td>2,767</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>2,880</td>
</tr>
<tr>
<td></td>
<td>Employees by age group:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>%</td>
</tr>
<tr>
<td></td>
<td>Under 30 years</td>
<td>721</td>
</tr>
<tr>
<td></td>
<td>30 – 50 years</td>
<td>1,885</td>
</tr>
<tr>
<td></td>
<td>Over 50 years</td>
<td>274</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>2,880</td>
</tr>
<tr>
<td></td>
<td>Nationalities represented in the Group:</td>
<td>51</td>
</tr>
<tr>
<td></td>
<td>Non-discrimination</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total number of incidents of discrimination and actions taken</td>
<td>0</td>
</tr>
</tbody>
</table>

1 Mix of staff and Non-Executive Directors.
2 Executive Committee and Leadership Teams in LSEG and LCH.Clearnet.
3 The LSEG subsidiary Board members and the Executive Committee and Leadership Teams together comprise the “Senior Managers” for the purposes of s414C(10)(b) Companies Act 2006.
Corporate Responsibility Report 2014

London Stock Exchange Group plc

Governance

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.

Given the size and scope of our businesses, we face a wide and expanding universe of risks. In particular, our presence in post trade services provides direct and indirect exposure to financial market volatility. We also face technology risks such as cyber threats, systems resilience and technological innovation, and political, regulatory and macro-economic risks, which include the impact of our competitors’ actions. Pursuing our growth strategy in this dynamic environment requires best-in-class risk management. Our governance and risk management structures have evolved to meet this need. Details of the Group’s Board, Risk Committee and principal risks can be found in the Annual Report.

Corporate governance

We are committed to the highest standards of corporate governance.

The Group complies with the UK Corporate Governance Code, which is a requirement for all companies with a premium listing on the UK Main Market. As such, we closely adhere to the principles and recommendations set out in the UK Code, which relate to:

— Leadership
— Effectiveness
— Accountability
— Remuneration
— Relations with shareholders

Each year, we document how we have applied the main principles of the UK Code, and detail any non-compliance. In the past year, we have complied with all the UK Code’s provisions, other than for a short period when, following director resignations, the Remuneration Committee comprised two independent directors and the chairman.

The full report on corporate governance can be found in the Group’s Annual Report here: www.lseg.com

Integrity

My word is my bond

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.

Partnership

We collaborate to succeed

We pride ourselves on working together as proactive partners, building positive relationships with our colleagues, customers, investors, regulators, governments and shareholders, for our mutual success and the benefit of all.

Innovation

We nurture new ideas

We are ambitious and forward-looking – 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.

Excellence

We are committed to quality

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.

Code of Conduct

Our Group-wide Code of Conduct sets out the ethical and behavioural framework governing the Group’s activities and the behaviours we expect from our Directors and staff. Complying with the framework ensures that we maintain our reputation and that our employees apply the highest standards when dealing with our stakeholders.

The Code of Conduct covers the following key areas:

— Integrity and honesty
— Professional behaviour
— Conflicts of interest
— Insider dealing
— Fair business practices and business relationships
— Commitment to fair competition
— Equal opportunities and diversity
— Confidentiality
— Political activities
— Human rights
— Labour standards

The Group’s risk framework requires senior executives to confirm that all members of their teams have seen and understood the Code of Conduct.

An abbreviated version of our Code of Conduct is available on the Group website.
The table below summarises our governance disclosure based on FTSE4Good and GRI principles.

<table>
<thead>
<tr>
<th>Disclosure</th>
<th>Indicator</th>
<th>Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group profile</td>
<td>Legal entity name</td>
<td>London Stock Exchange Group plc</td>
</tr>
<tr>
<td></td>
<td>Primary brands, products, and services, and operational structure</td>
<td>A summary of our key brands, products and services, and operational structure can be found in the Annual Report, pages 4-7.</td>
</tr>
<tr>
<td></td>
<td>Location of organisation's headquarters</td>
<td>The Group is headquartered at 10 Paternoster Square, London.</td>
</tr>
<tr>
<td></td>
<td>Breadth of operation</td>
<td>We operate in 16 countries, including the UK, Italy, Sri Lanka, Canada, the US, Hong Kong, France, Australia and Japan.</td>
</tr>
<tr>
<td></td>
<td>Nature of ownership and legal form</td>
<td>We are a Public Limited Company, incorporated in England and Wales, and have a premium listing on the Main Market of the London Stock Exchange.</td>
</tr>
<tr>
<td></td>
<td>Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)</td>
<td>A summary of the main markets in which we operate can be found in the Annual Report, pages 4-5.</td>
</tr>
<tr>
<td></td>
<td>Organisation scale</td>
<td>At the end of the reporting period we had 2,880 employees.</td>
</tr>
<tr>
<td></td>
<td>Significant changes during the reporting period regarding size, structure, or ownership</td>
<td>We acquired a 57.8 per cent stake in LCH.Clearnet Group on 1 May 2013. The significant shareholders of LSEG remain unchanged.</td>
</tr>
<tr>
<td></td>
<td>Awards received in the reporting period</td>
<td>A summary of the external recognition we have received for our sustainability initiatives can be found in the next section.</td>
</tr>
<tr>
<td></td>
<td>Support for ESG</td>
<td>The Group supports a number of organisations that encourage sustainability, including the CDP, the UN Sustainable Stock Exchange Initiative and the Social Stock Exchange.</td>
</tr>
</tbody>
</table>
**Disclosure** | **Indicator** | **Profile**
---|---|---
Report parameters | Scope of the report | We report on our overall Group performance annually. This year’s CR report covers the financial year 1 April 2013 to 31 March 2014. Full details of our reporting calendar for the upcoming financial year can be found in the Annual Report. Any questions or comments regarding the structure of this report can be sent to: Investor Relations London Stock Exchange Group plc 10 Paternoster Square London EC4M 7LS Email: irinfo-r@lseg.com Our 2014 Annual Report was subject to both internal and external verification. Our 2014 CR Report was subject to internal verification. Our environmental statistics were subject to external verification.
Governance structure and risk management | Governance structure | A full breakdown of our governance structure, including committees, reporting procedures, and avoidance of conflict of interest, can be found in the Annual Report.
Risk management | | A full list of our principal risks can be found in the Annual Report.
Remuneration | | A full summary of compensation and remuneration within the Group can be found in the Directors’ Report on Remuneration within the Annual Report.
ESG management | | A summary of how we manage corporate responsibility and address ESG issues within the Group can be found in this report and in the public online documentation on the Group website.
Staff engagement | | This report highlights a number of staff engagement initiatives within the Group. We also have a suggestion box and encourage staff to give feedback.
Governance continued

<table>
<thead>
<tr>
<th>Disclosure</th>
<th>Indicator</th>
<th>Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policies and procedures</td>
<td>Mission statement</td>
<td>The Group mission statement and strategy can be found in the Annual Report.</td>
</tr>
<tr>
<td></td>
<td>Core values</td>
<td>Our four core value pillars are Integrity, Innovation, Partnership and Excellence. More about this can be found on page 32.</td>
</tr>
<tr>
<td></td>
<td>Code of conduct</td>
<td>We expect our staff to follow our Code of Conduct, which is supported by more detailed policies at both a Group and local business level and can be found on the Group website.</td>
</tr>
<tr>
<td>Policies</td>
<td>Policies</td>
<td>We have a number of internal and public policies. These include: Anti-bribery and corruption, \</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Financial crime and money laundering, Business continuity management, Capital management, Conflicts of interest, Confidentiality, Corporate responsibility, Data protection and security, Disclosure, Diversity, Employee information security, Employee practices, Environmental, Grievance reporting, Health and safety, IT operations, New products (market), Outsourcing, Procurement, Project management, Taxation, Travel, Treasury, Whistleblowing, Media and communications, Business protection and physical security</td>
</tr>
</tbody>
</table>
Monitoring procedures
Details of how we monitor the implementation of our policies can be found in the Annual Report.

We have a number of procedures in place for monitoring our ESG performance. These include the use of CRedit360, a specialist environmental activities monitoring system, and WorkDay, a specialist human capital management system, to track social activities across the Group. For further information regarding our efforts in this area, please feel free to contact us directly.

There are a number of initiatives across the Group to raise staff awareness of ESG issues and increase staff involvement. In addition to training on specific issues, we encourage participation in events such as Green Week (see page 19 for more detail).

We encourage our customers in sustainability issues, such as through the UK Stewardship Code. Our Procurement Policy also encourages our suppliers to act in accordance with our Code of Conduct.

<table>
<thead>
<tr>
<th>Disclosure</th>
<th>Indicator</th>
<th>Profile</th>
</tr>
</thead>
<tbody>
<tr>
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<td></td>
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<tr>
<td></td>
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<td></td>
</tr>
<tr>
<td>Staff engagement in ESG issues</td>
<td>There are a number of initiatives across the Group to raise staff awareness of ESG issues and increase staff involvement. In addition to training on specific issues, we encourage participation in events such as Green Week (see page 19 for more detail).</td>
<td></td>
</tr>
<tr>
<td>Client engagement in ESG issues</td>
<td>We encourage our customers in sustainability issues, such as through the UK Stewardship Code. Our Procurement Policy also encourages our suppliers to act in accordance with our Code of Conduct.</td>
<td></td>
</tr>
</tbody>
</table>
Our external recognition

The Group’s CR efforts are reflected in its membership of a number of sustainability indices. The feedback provided by rating agencies helps us to benchmark against global best practices and to plan for improvements in our sustainability approach.

**FTSE4Good**

FTSE4Good assesses the Group against several ESG indicators. It gives our stakeholders a reliable indication of our achievements, as well as showing the areas where we can improve.

FTSE4Good scores companies against six ESG themes:

- environmental management
- climate change
- human and labour rights
- supply chain labour standards
- countering bribery
- corporate governance

FTSE4Good evaluates companies against the criteria for each theme and scores them between 0 and 5, with a score of 3 referred to as “good practice”. It then calculates an aggregate score for each company and produces an adjusted score to show how the company performs relative to its ICB Supersector peers (in our case, Financial Services companies), where 1 is the lowest and 10 is the highest.

London Stock Exchange Group FTSE4Good ESG Ratings Assessment in September 2013

<table>
<thead>
<tr>
<th>Overall ESG rating</th>
<th>Absolute score (0-5)</th>
<th>3.5</th>
<th>Supersector relative (1-100)</th>
<th>82</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pillar score</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Absolute score</td>
<td>Environment</td>
<td>4</td>
<td>Social</td>
<td>3</td>
</tr>
<tr>
<td>(0-5)</td>
<td></td>
<td></td>
<td>Governance</td>
<td>3.5</td>
</tr>
<tr>
<td>Supersector relative</td>
<td>Environment</td>
<td>9</td>
<td>Social</td>
<td>6</td>
</tr>
<tr>
<td>(1-10)</td>
<td></td>
<td></td>
<td>Governance</td>
<td>6</td>
</tr>
</tbody>
</table>

1 FTSE is currently developing a revised methodology for the ESG Ratings. This assessment may change significantly over the next year.
Our external recognition continued

An overall ESG Rating score is then calculated for each company. Again, the score is adjusted relative to the company’s peers, where 1 is the lowest and 100 is the highest.

The Group continues to perform well in FTSE4Good’s ratings, with an absolute score of 3.5 out of 5 and a relative score of 82 out of 100.

For more information regarding FTSE4Good scores, see: www.ftse.com/analytics/ftse4good-esgratings

Dow Jones Sustainability Indices

In Collaboration with RobecoSAM

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Company score</th>
<th>Percentile ranking</th>
<th>Average score (sector)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>57</td>
<td>73</td>
<td>44</td>
</tr>
<tr>
<td>Economic dimension</td>
<td>69</td>
<td>80</td>
<td>57</td>
</tr>
<tr>
<td>Environmental dimension</td>
<td>66</td>
<td>92</td>
<td>35</td>
</tr>
<tr>
<td>Social dimension</td>
<td>36</td>
<td>53</td>
<td>37</td>
</tr>
</tbody>
</table>

Global 100 Most Sustainable Corporations in the World

London Stock Exchange Group was 81st in Corporate Knight’s Global 100 for 2014, from a starting universe of almost 4,000 companies.

Now in its tenth year, the Global 100 Most Sustainable Corporations in the World (“The Global 100”) is announced each year at the World Economic Forum in Davos, Switzerland. The Global 100 is the most extensive corporate sustainability assessment in existence, and inclusion is limited to a select group of the top large-cap companies in the world.
Looking ahead

As our business expands and diversifies, we continue to review our approach to sustainability. In the coming year, within each of our core pillars we plan to promote sustainable, responsible and effective business management in the following ways:

| **Our Markets** | — Continue to support and encourage the development of SMEs on our markets, including cleantech companies.  
|                 | — Encourage further good governance practices on our markets. |
| **Our Services** | — Further develop our offering of tools to help investors incorporate ESG considerations within the investment process and across all assets.  
|                 | — Further integrate our services to increase efficiencies for market participants. |
| **Our People** | — Focus on innovation through collaboration, by leveraging our Group’s talent and business diversity and promoting staff engagement.  
|                 | — Further embed our values and ethical behaviours within our business globally. |
| **Our Communities** | — Increase the impact of our charitable giving approach.  
|                 | — Focus on our short and long-term environmental targets. |

Within each of the pillars, we are also developing strategic plans and priorities for improving sustainability as a Group.
Contacts and further details

For further information, visit:
www.lseg.com

Or contact:

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

Email: irinfo-r@lseg.com

For a glossary of terms, visit:
http://www.lseg.com/investor-relations/group-at-a-glance/glossary/glossary.htm