

trade negotiations with the



UK Gender Pay Gap Report

London Stock Exchange Group
March 2020



London
Stock Exchange Group

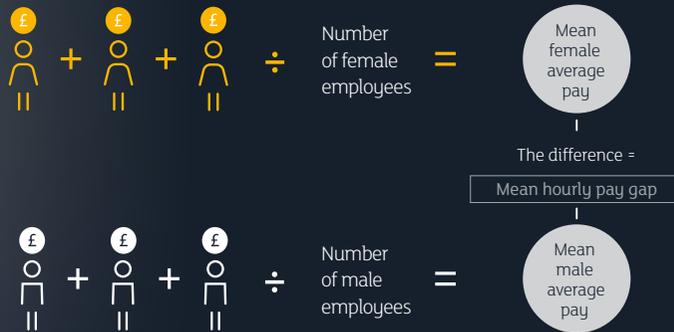
Welcome to our UK Gender Pay Gap Report



Understanding gender pay gap reporting

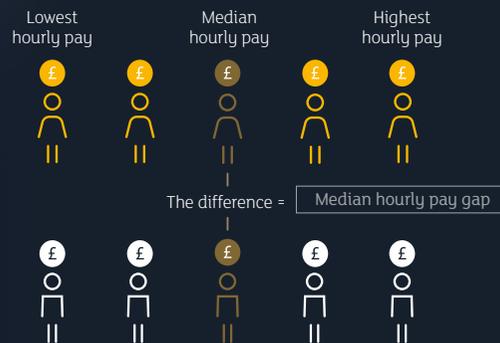
Mean gender pay gap

The mean gender pay gap is the percentage difference between average hourly earnings for men and women.



Median gender pay gap

The median pay gap is calculated by arranging the hourly pay rates of all males and females from highest to lowest and finding the percentage difference between the middle earning woman and the middle earning man.



At London Stock Exchange Group (“LSEG”, “the Group”), we recognise the critical role diversity and inclusion play in fostering a culture of collaboration and innovation. Since joining the Group in 2018, I have supported and promoted a culture that is inclusive, where every individual can fulfil his or her potential at LSEG.

It is the collective responsibility across the Group to ensure a strong and diverse pipeline of talent, to develop successful leaders of all backgrounds and to nurture the next generation. LSEG is fully committed to promoting gender balance across both our Group and the wider industry. We consider our annual UK Gender Pay Gap report an important tool to measure our progress.

As we stated in previous gender pay gap reports, while we do not differentiate pay between men and women for equivalent roles, there is an under-representation of women in senior positions. This statement still stands; we have too few women in senior, customer facing and revenue generating roles. This impacts our headline figures. We are making progress. I was encouraged to see that our efforts were recognised in the 2019 Hampton-Alexander Report where the Group was highlighted as one of the five companies in the FTSE 100 that had made the most significant improvements increasing gender representation at Board level.

We recognise that it will take a persistent multi-year effort to address these issues, but we will continue to make progress by consistently focusing on our objectives. LSEG’s Executive Committee has a shared strategic objective to increase diversity across the Group, as well as specific divisional and functional diversity objectives. We measure progress against these objectives regularly.

In this report, we highlight a few examples of the steps we took in 2019 to increase gender balance at all levels of seniority across LSEG. These are important actions, but we recognise we need to continue to do more to make sustainable long-term progress on our goals.

As CEO of the Group, I am fully committed to an ongoing programme to improve our gender pay gap figures and to reach our goal of supporting a culture of inclusion that reflects the best of LSEG.

David Schwimmer

CEO
London Stock Exchange Group

Our headline UK Gender Pay Gap figures

Our disclosure methodology

4,690 (vs 2018: 4,439)	1,642 (vs 2018: 1,637)
66% male, 34% female (2018: 67% male, 33% female)	67% male, 33% female (2018: 68% male, 32% female)
LSEG employees globally	Employees in the UK

*Employee numbers are as at 5 April 2019 vs 5 April 2018

As with our previous Gender Pay Gap reports, we have opted to disclose figures beyond the UK statutory disclosure requirements. These disclosures more accurately reflect the nature of our business, provide a truer picture of our gender pay gap and give us a sensible baseline against which to track our progress.

We have disclosed figures for our entire UK population, rather than only those who are employed by the three entities captured by the regulations. Driven by our commitment to progressing gender diversity globally, we have also chosen to disclose our global gender pay gap figures from this year.

The decision to go beyond the UK statutory disclosure requirements does not flatter our figures. In fact, our approach is more transparent than the statutory requirement as it includes all remuneration awards, rather than only those received in April.

Our headline gender pay figures

The table below shows our all-UK gender pay gap figures for the 2018 and 2019 annual pay reviews, broken down by salary, variable and total pay. These figures reflect management decisions and awards granted as part of the annual pay review processes in Q1 2018 and Q1 2019. Variable pay includes Long Term Incentive Plan ("LTIP") grants, calculated using a Fair Market Value of 60% to align to external market valuation of these awards, and annual bonus awards.

Gender pay figures

		All UK	
		Mean	Median
Year 2 March/April 2018 pay review	Salary pay gap	19%	18%
	Variable pay gap	40%	15%
	Total pay gap	27%	17%
Year 3 March/April 2019 pay review	Salary pay gap	17%	18%
	Variable pay gap	39%	20%
	Total pay gap	23%	18%

The gender pay gap is a measure of the difference between the average pay of men and women, irrespective of roles or seniority.

This is different to equal pay which relates to men and women being paid equally for equal work. At LSEG, we are confident that we do not differentiate pay between men and women performing equivalent roles.

In 2019, our mean gender pay gap reduced to 23% (from 27% in 2018 and 28% in 2017), reflecting the impact of initiatives that have been put in place to increase our diversity and female representation. The proportion of women has increased in both our overall population and our senior leadership population. We are committed to making further progress and holding ourselves accountable.

Our statutory disclosures

Our full statutory disclosures for each entity covered by the regulations are shown on page 8.

Our statutory disclosures are based on the government gender pay gap regulations and accompanying ACAS guidelines. However, it should be noted that there are aspects of the methodology that do not align to our business practice. Notably, the regulations exclude employees who received a zero bonus from the bonus pay gap calculation; and only include pay received in April in the hourly pay gap calculation, which omits a large number of compensation awards, including annual bonuses, which LSEG pays in March. Furthermore, the statutory calculations are based on pay received which, in the case of Long-Term Incentive Plan ("LTIP") awards, relates to historical management decisions made at least three years prior.

Our global workforce

In line with our commitment to improve our Group's diversity and foster an inclusive environment for all our colleagues, we have also disclosed our global gender pay gap figures for the 2019 annual pay review. Please see the global pay figures to the right. The data shows that our global gender pay gap figures are very similar to our all-UK gender pay gap figures. We will use this additional disclosure as a baseline for tracking future progress.

Global gender pay figures			
		Mean	Median
Year 3 March/April 2019 pay review	Salary pay gap	18%	10%
	Variable pay gap	37%	19%
	Total pay gap	23%	10%

At LSEG, we conduct equal pay analysis as part of our annual pay review process and are confident that we do not differentiate pay between men and women who perform equivalent roles. We have a Group-wide reward framework, which comprises the compensation structure, elements and leverage for each stage in our career framework. This is used to compare and analyse pay on a granular level; helping us to identify and explain any gender-related pay differences for employees that are in similar roles. A rigorous check and challenge process is undertaken internally to determine and address any differences that are unexplained by factors that appropriately affect pay such as relative levels of experience or performance in

the role. However, we acknowledge that we do have a gender pay gap, due to the unequal distribution of men and women across the company. The biggest factor behind our gender pay gap continues to be the fact that there are fewer women in senior positions.

Seniority is a major driver of remuneration, particularly salaries. Variable pay at LSEG also tends to increase with seniority. As discretionary share awards are granted as a multiple of salary, the impact of any salary differentials is compounded in the variable pay gap, as shown by the data in our report.

Our mean variable pay gap is higher than our median pay gap because of the distorting impact of the very highest earners, the majority of whom are male, whose pay skews the overall 'average' figures.

While we have observed some small positive changes year-on-year, we recognise that there is further progress to be made and that the actions we are taking to close the gap will take time to have impact. In some instances, these actions may adversely affect the reported gender pay gap figures in the short term. For example, initiatives to attract junior female talent could widen the pay gap in the short term as more entry level females join the Group.

Although we know there is no quick solution, we are committed to addressing our gender pay gap and have already implemented initiatives that will make a positive difference in creating opportunities for women at all levels to progress their careers.

You can read more about the activities we are undertaking to close the gap on pages 5 and 6. These initiatives should result in an improvement in our figures in the medium to long term, as higher salary levels for an increased number of senior females have a knock-on effect for bonus and LTIP awards.

How we are addressing the Gender Pay Gap

LSEG's commitment to diversity and inclusion

In 2016, LSEG's Executive Committee, chaired by the Group CEO, formed the Diversity and Inclusion (D&I) Sub-Committee. The D&I Committee is chaired by our Group Chief Risk Officer and is comprised of Divisional Business Heads and senior leaders to enhance our focus on diversity and inclusion and its impact on Group performance. Gender is one key area of focus of our diversity and inclusion strategy. The D&I Committee oversees our investment in developing diversity in the Group including our female talent and succession pipeline.

The Group was an early signatory to HMT's Women in Finance Charter in 2016 and we set ourselves a stretching target to reach 40% female representation in both our overall population and our senior leadership population by 2020. By the close of 2019, female senior leadership representation at LSEG stood at 33% compared to 31% in 2018. Overall female representation increased to 35% at the end of 2019 compared to 34% in 2018. In terms of Board representation, the 2019 Hampton-Alexander Report recognised the Group for making significant improvements in female representation on our Board, with 31% representation of women on our Board; up from 29% in 2018.

The Group CEO has personally demonstrated his commitment to diversity and inclusion in his leadership of the Group, playing a visible role in reinforcing the importance of an inclusive culture to our business and holding leaders accountable for making progress. In 2019, the CEO recruited two new senior members of his team; one of these key roles was filled by a woman.

To ensure collective responsibility, members of the Executive Committee and line managers have D&I measures built into their performance objectives and these form an important element of their performance review. Gender representation is integral to our LSEG Culture Dashboard and this data is reviewed quarterly by our Executive Committee and D&I Committee to track progress and act as necessary.

Reinforcing Inclusion

We strive to create a culture where colleagues can be their true selves and differences, whether visible or invisible, are valued, resulting in equal opportunity for all.

Raising Awareness: The Group CEO ensures that our commitment to inclusion, diversity and gender representation is shared through a variety of channels, including global townhalls and smaller group meetings with colleagues. Divisional and functional leaders are also briefed to cascade the commitment to their teams. The Group CEO has played a visible role in leading our efforts, including launching in 2019 our LSEG global Inclusion Network (IN), an umbrella network for our diversity networks, supported by several other members of the Executive Committee.

We believe that IN creates a powerful opportunity to share information, learning and best practices, promoting a culture of inclusion and collaboration. By meeting quarterly, in line with the D&I Committee, this direct conduit between colleagues and members of LSEG's Executive Committee enables alignment of activities, encourages greater consultation and helps us to shape our diversity and inclusion agenda to foster a culture for all.

LSEG's Inclusion Week provided a further opportunity for all colleagues to explore a broad array of inclusion topics, including authenticity, the power of networks and the role of all colleagues in fostering inclusion. Over 20 events took place across our key global locations with around 1000 colleagues participating.

Education: Our D&I agenda is heavily represented in LSEG's training and development suite. We aim to equip all managers to make bias-free decisions about people.

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Increasing Diversity

We understand the diverse mix of experience and characteristics among our colleagues and actively seek to increase diversity throughout the organisation.

Targets and Action Plans: Gender balance targets for senior managers and our overall population are agreed by division. Each Executive Committee member has a specific gender representation target for their business unit to focus efforts to meet our stretch target of 40% female representation. We also monitor progress on attraction, recruitment, progression and retention on a divisional basis. Our quarterly Executive Committee business reviews include an update and discussion of challenges and opportunities. In addition, by committing to external initiatives such as the Women in Finance Charter and the Hampton-Alexander Review, we have created transparency of our ambitions and progress.

Attraction Strategy: In 2019 we enhanced our efforts to attract exceptional female talent across our business. The implementation of software to 'gender neutralise' our job descriptions helped us to broaden our reach and reduce the number of women 'opting out' of applying for roles. We invested in outreach initiatives to attract women across our global offices. These included: breakfasts with female university students, work experience placements, a version of our Women Inspired Network for young female talent in Italy and in the US, and client partnership events. In Sri Lanka, where we have a large technology presence, we have worked hard to support the female technology talent pipeline. We ran a vocational training event for girls, partnered with IEEE Women in Engineering to bring together undergraduates from more than six different universities to provide career advice,

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Collaboration and Innovation

We build communities across the Group who collaborate to achieve business success, support and coach each other and innovate to develop business opportunities and improved practices.

Global mentoring programme: We believe mentoring provides a particularly valuable development opportunity for women by establishing a safe space to more fully explore challenges, build insight and consider options that help them to take actions to progress their careers. Since 2016, our 'Mentor Exchange' has supported over 1100 colleagues, with around half of mentees being female. In 2019 we launched 'Mentor Exchange' across all our regions, including a virtual programme to connect 53 mentoring pairs across 10 countries. We are proud supporters of the 30% Club's cross-company mentoring scheme, designed to develop the pipeline and parity of women in FTSE 350 leadership roles, by supporting our female talent and matching senior leaders with female mentees from other organisations. 95 LSEG colleagues have participated so far in the scheme.

Global networks: Our Women Inspired Network (WIN) launched in 2015, continues to grow globally and in 2019 was represented in the UK, USA, Sri Lanka, France, Malaysia, and Italy. The network is active in engaging with client and external networks (such as 30% Club, Women in ETFs, Women in Hedge Funds, 100 Women in Finance, Women's Network Forum). In 2019 WIN offered around 40 personal development opportunities for women across the Group, such as 'Leaders in the Spotlight' and 'WINning Conversations', in which our CEO and Group Director, Information Services, participated. In 2019 the WIN Americas Leadership team received a Highly Commended CEO Award in

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How we are addressing the Gender Pay Gap

LSEG's commitment to diversity and inclusion *continued*

Our aim is to see the results of our efforts to recruit and develop a diverse, gender-balanced team translate into increased senior female representation.

Some examples of actions we have taken and progress we have made can be found on pages 5 and 6.

Reinforcing Inclusion *continued*

All colleagues and new starters complete unconscious bias training as part of the standard onboarding and training across LSEG. D&I topics in our colleague development suite are promoted to encourage all colleagues to foster a culture of inclusion. Our Manager Excellence programme, introduced in 2019, is designed to develop consistent management skills covering a broad range of topics. For example, the 'Recruiting Effectively' and 'Managing People Risk Responsibly' modules enable managers to explore different types of bias to understand how personal biases can impact the quality of their management. Our manager toolkits (e.g. in areas such as managing performance and assessing talent potential) complement the programme, raising awareness of potential bias by integrating messaging and reminding managers of the risks of personal bias.

Policy Framework: Since we updated our family friendly policies in 2018, we have continued to see colleagues taking advantage of shared parental leave, flexible working and sabbaticals. Our Wellbeing Framework further encourages colleagues to strike the right work-life balance by providing awareness of the flexible working options available that encourage collaboration and new ways of working.

External Partnerships: We continue to partner with external experts to seek thought leadership and introduce new programmes that help to foster an inclusive culture.

Increasing Diversity *continued*

and partnered with Women Techmakers to empower and encourage women to enter the tech industry. Sri Lanka's RiseUP programme prompted 60 colleagues to sign up as mentors to university students and community projects. Our Early Careers pipeline programmes have also proved to be an excellent source of diverse talent. In 2019 we ran our first Spring Week in London, specifically targeting first year technical students, which successfully increased the number of female technology summer interns to 50%. Our focus on attracting female technology talent has helped our Group Technology Services division to increase female senior management representation from 25% in 2018 to 31% in 2019.

Recruitment Strategy: We try to ensure that all candidates are assessed by a mixed gender panel and strive for balanced shortlists for roles. The proportion of external female hires stood at 38% for 2019 compared to 37% in 2018. Our most senior hires at Managing Director (MD) level increased from 37% in 2018 to 75% in 2019, increasing the overall female MD population by 6%. Senior manager female hires increased to 41% in 2019 from 35% in 2018. In 2019 we broadened our graduate intake across five countries, and, for the first time, of our global class, female graduates outnumbered their male counterparts at 54%, compared to 49% in both 2017 and 2018.

Talent Management Strategy: Our Executive Committee and Functional Leaders are mentoring or sponsoring female talent both internally and on external schemes such as the 30% Club and Mission Include. Our Group-wide Managing Director and Director talent review has enabled us to evaluate and develop our senior female talent pipeline while our longlisting process - which aims to increase internal mobility and broaden career opportunities - supported development further with women comprising 34% of internal moves in 2019.

Collaboration and Innovation *continued*

recognition of their achievements and contribution to LSEG.

Recognition and Sponsorship: We actively seek to recognise and celebrate the achievements of our female leaders and emerging leaders. Diane Côté was listed in the FN100 Most Influential Women in European Finance in 2019. Justine Zwerling featured in 2019's 50 Women Future Leaders list and Regina Williamson won Technology Innovator of the Year in the 2019 Women in Technology & Data Awards. In 2019, we were delighted to have a record six nominations for the Timewise 2020 Power 50 awards. We also ran aspirational networking events with the Women's Network Forum, Founders4Schools and Mulberry Trust to inspire the next generation of female leaders. To coincide with International Women's Day, LSEG hosted and participated in the launch of the Fearless Girl campaign. Alongside, the Group ran its own global 'Fearless Girl' campaign identifying 127 role models across our various locations.

Workplace Choice: We have further developed the Group approach to flexible working with clear guidelines, facilities and technology. We ran successful pilots in Italy and in our legal function to demonstrate the positive impact of flexible arrangements, prior to launching Workplace Choice.

Spotlight on...an inclusive culture where female talent can fulfil their potential at LSEG.

Susi de Verdelen

(Head of SwapClear and Listed Rates, LCH, London).
Susi's career has progressed to leading SwapClear and Listed Rates, having previously worked in the business as the COO for Rates. In her new role she leads a multidisciplinary global team across risk, operations, technology and product to deliver our rates clearing service, a key revenue line for the Group. Susi prepared herself for her latest role by seeking development opportunities to build valuable skills, such as impact and presence in a board setting and delivering clarity on business strategy.

**Sharmila Pindoria**

(HR Business Partner, London Stock Exchange plc, Capital Markets and Regulatory, London).
Sharmila leads the implementation of HR strategy in her business areas, working closely with the CEO and leadership team of London Stock Exchange plc. She recently reduced her working hours to part-time to enable her to continue to fulfil her career aspirations, while spending more time with her two young children. Sharmila is a role model for flexible working at London Stock Exchange and was recently nominated for the Timewise Power 50 Awards.

**Sarah Macfarlane**

(Managing Director, Legal – Group Technology Services, London).

Sarah has been listed as a 2020 Timewise Power 50 award winner; recognising her as a business leader who excels at working flexibly. Sarah advises on legal matters with a technology focus and is a member of the Group CIO's Senior Management Team as well as LSEG's Leadership Team. She moved to a four-day week after the birth of her first child and was promoted into her current role while working flexibly. Sarah, who shares parenting of her three children with her husband, who also works flexibly, recently participated in an internal career panel, speaking of the benefits of part-time working.

**Susan Quintin**

(Global Head of Equity Index Product, FTSE Russell, New York).

Susan leads index product management professionals in multiple global locations. She has also been at the forefront of establishing the North America branch of our Women Inspired Network contributing to its significant expansion through initiatives like 'Leaders in the Spotlight', a series of interviews with female colleagues in senior roles. Susan was the keynote speaker for the LSEG sponsored VIP luncheon during Ellevest Network's 2019 Mobilize Women Summit. She also became a mother in 2019.

Beverley Noye

(Brexit Programme Director, LCH, London).

Since moving to LCH following a successful and highly decorated career in the Royal Air Force, Beverley's career has culminated in her most recent promotion to Brexit Programme Director, LCH. Selected to be mentored on the 30% Club Mentoring Scheme, Beverley also contributes to LSEG's diversity and inclusion community, having established the Parent and Caregivers Network. Beverley successfully juggles these demanding roles while raising her three young children.

**Vidumini Ranasinghe**

(Head of Strategic Account Management, LSEG Technology, Sri Lanka).

Vidumini has successfully led a number of large-scale technology implementations for LSEG's clients, including for the Aequitas Neo and Casablanca Stock Exchanges. In 2018 Vidumini was promoted to Head of Strategic Account Management, taking responsibility for account and relationship management of all third-party clients for LSEG Technology Sri Lanka. Vidumini has been part of the Women Inspired Network since it launched in Sri Lanka and participated in the panel event that launched diversity and inclusion in Sri Lanka in 2018. She also represents LSEG Tech women in the Diversity Collective Lanka which is an organisation aimed at raising visibility and empowering women in tech by speaking to young tech women in universities and in the industry.



Statutory disclosures

The table on the right shows our full statutory disclosures for our three legal entities covered by the regulation for the reporting period 6 April 2018 to 5 April 2019: LSEG Employment Services Limited (LSEG ESL), London Stock Exchange plc (LSE plc) and LCH Limited (LCH Ltd).

Methodology

Hourly pay gap:

- As per the regulation, the reported figures are based on the snapshot date of 5 April. As such, any awards received outside of the month of April, including bonus and LTIP awards, must be excluded from the statutory hourly pay gap figure.
- As we noted in our previous Gender Pay Gap report, this methodology will likely result in wide year-on-year fluctuation which will make it difficult to track our true progress each year. LSEG pays bonuses in March so these awards would always be excluded from the statutory hourly pay gap figure. The inclusion of LTIPs will vary significantly as it is dependent upon the date a participant chooses to exercise their award.

Bonus pay gap:

- The statutory approach is only to include employees who received bonus pay.
- This does not align to our business practice and we believe that if an employee is awarded a zero bonus, for example for performance reasons, this should be reflected in the figures.

In light of the reasons outlined above, we have opted to disclose additional figures for the UK and globally to include all annual remuneration elements, as presented on pages 3 and 4. The additional disclosure does not flatter our figures; it presents a true underlying picture of our gender pay gap which we will continue to use as a baseline for tracking future progress.

LSEG Employment Services Limited

(440 Employees)

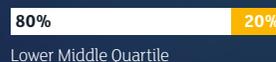


Hourly Pay Gap

Mean	Median
8%	15%

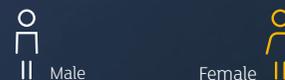
Bonus Pay Gap

Mean	Median
38%	21%



London Stock Exchange plc

(475 Employees)

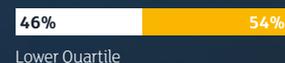
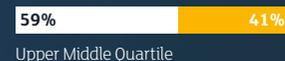


Hourly Pay Gap

Mean	Median
13%	13%

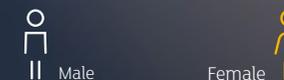
Bonus Pay Gap

Mean	Median
45%	19%



LCH Limited

(441 Employees)

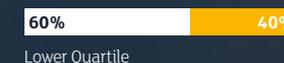
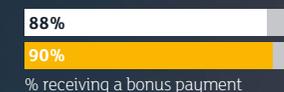


Hourly Pay Gap

Mean	Median
19%	14%

Bonus Pay Gap

Mean	Median
55%	33%



Declaration

At London Stock Exchange Group, we are committed to improving diversity and inclusion and we aim to be representative of both our customers and the communities in which we operate around the world. Although our reporting requirements only apply to the UK, we are committed to tracking and addressing any imbalances in representation and compensation for the Group globally. We are passionate about our commitment to employ and invest in the development of a highly diverse, international workforce in order to deliver on our vision of being the most trusted global markets expert. We confirm the information and data reported is accurate as of the snapshot date of 5 April 2019.

David Schwimmer

CEO

London Stock Exchange Group



London
Stock Exchange Group

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London Stock Exchange Group plc
10 Paternoster Square
London EC4M 7LS
Telephone +44 (0)20 7797 1000
Registered in England and Wales No. 5369106
www.lseg.com