Managing the Business Effectively and Sustainably

31 December 2014 Group Corporate Responsibility Report
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Welcome to our latest Corporate Responsibility report

London Stock Exchange Group is firmly committed to developing its Corporate Responsibility (CR) approach and reporting. Core to our strategy is ensuring that CR is aligned to our overarching business strategy and governance principles. In our last report, we explained that we had revised our CR strategy, to reflect the way the Group has expanded, both geographically and in terms of business diversification. During the course of 2014, we further developed our CR strategy, which the Group Board has recently reviewed and endorsed. Our approach is founded on four pillars, which are the areas where we believe we can have the most impact and add the most value. These pillars are closely tied to how we operate as a business: Our Markets, Our Services, Our People and Our Communities. As our business evolves, our approach to sustainability will respond, so that it remains relevant to the political, economic and social environments in which we operate.

We play a central role in global capital markets, which gives us a unique platform for promoting sustainability and CR. Our core economic function in providing trusted, stable and efficient financial market infrastructure has a significant impact on business activity in our markets, helping to create wealth and jobs. This benefit arises from sustainable equity funding, which is immensely important to economic growth; from the risk management services we provide to make markets safer through our post trade businesses; and from our index and benchmarking services, which enable better informed investment decisions. Our ability to promote good practices through corporate governance initiatives continues to be highly relevant, as corporate ethics and sustainability remain under close scrutiny.

This report includes more detail about our approach to CR, our achievements in recent months and our aims for the future. In particular, I would highlight:

— FTSE’s development of Low Carbon Economy and environmental, social and governance (ESG) services, which help investors make decisions based on ESG criteria;
— our continued work to support small and medium-sized enterprises, through a range of 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 first Group-wide employee engagement survey, as part of our ongoing work to develop our people; and,
— our continued support and involvement with our communities, through charitable donations and other opportunities.

Thank you for your interest.

Xavier Rolet
CEO, London Stock Exchange Group

“AS OUR BUSINESS EVOLVES, OUR APPROACH TO SUSTAINABILITY WILL RESPOND, SO THAT IT REMAINS RELEVANT TO THE ENVIRONMENTS IN WHICH WE OPERATE.”
Part 1
London Stock Exchange
Group CR Strategy
Our corporate responsibility strategy

“OUR CORPORATE RESPONSIBILITY GOAL IS TO PLAY AN ESSENTIAL AND SUSTAINABLE ROLE IN GLOBAL ECONOMIC GROWTH”
Xavier Rolet
CEO, London Stock Exchange Group

Corporate responsibility is core to our business growth strategy
We play an essential role in global economic growth and recognise the responsibilities and expectations that come with this. For more than 200 years, we have operated under the banner of “My word is my bond”. Reflecting this, our corporate responsibility (CR) strategy is centred on our commitment to providing open, trusted, reliable, independent and user-neutral markets and services. Our CR goal is to play an essential and sustainable role in global economic growth and to create long-term value for our stakeholders. This is fully aligned with our business strategy and principles and we are progressively working to embed this strategic aim throughout the Group.

Throughout the reporting period, we have had a strong focus on developing our CR strategy, with several of our Executive Committee (ExCo) members, leading cross-business working groups, focused on specific targets and action plans in each of the four pillars of our CR strategy. These pillars reflect our core business functions and key stakeholders. Demonstrating the benefits of this integrated approach, LSEG has made a significant improvement in external CR ratings, moving from third to first quartile against its peer group in the FTSE ESG ratings.

Strategy implementation
Our customers increasingly require products and services to support the integration of environmental, social and governance (ESG) factors into their investment decisions and stewardship approach. We remain at the forefront of developing products such as ESG indices and analytics. In the countries in which we operate, we aim to be the pre-eminent market for facilitating sustainable economic growth. This requires us to support the growth of smaller companies and to set the highest standards for corporate behaviour. Supporting SME funding and development through programmes such as ELITE remains key to our growth strategy and opens up exciting and profitable opportunities for customers and stakeholders.

We also have an important goal in sharing our expertise in capital markets infrastructure and services with new and developing markets globally, such as our partnership with Borsa Istanbul, covering derivatives and index products, and the strategic co-operation agreement between LSEG and Casablanca Stock Exchange, covering trading and market surveillance technology.

Our People strategy has been a particular focus in 2014. We have created a series of employee engagement and development programmes, including establishing a talent management team. Details are included later in the Our People section.

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 operational countries. During the period, significant effort has gone into developing a common, scalable charitable giving framework. This will allow FTSE and LCH.Clearnet’s charitable giving programme to transition to the LSEG Foundation in 2015, with a view to subsequently integrating Russell Indexes on the same basis. This will enable focused and strategically aligned charitable giving across the expanding Group.

The Our Communities section of this report provides information on the Foundation’s progress during the reporting period.

In addition, we have a number of management teams, working groups and committees that are engaged in CR strategy implementation. These include our Environmental Management Group, which is developing climate change initiatives, and our Group Procurement Team, which is targeting sustainability choices with our suppliers. To support the delivery of our CR strategy, we have developed a ratings tracker to monitor performance, continue to drive rating improvements and ensure we use the most appropriate benchmarks for our performance as thinking evolves. We acknowledge the importance of global standards for measuring and reporting CR performance and will be developing additional measures to complement the ratings that we currently use to inform our strategic goals.
Our corporate responsibility strategy continued

<table>
<thead>
<tr>
<th>Deliverable</th>
<th>Execution</th>
<th>Governance</th>
</tr>
</thead>
</table>
| CR Strategy | Group Director of Information Services (designated ExCo lead) | — LSE Group Board  
— LSE Group ExCo |
| CR pillar strategies | — Pillar leaders  
— Cross Business CR working Groups | LSE Group CR Committee  
Ratings agencies |
| Reporting | — Group Head of Investor Relations (IR)  
— Group CR Manager | ExCo |
| External validation | | |
| Communications strategy | — Group Head of Communications  
— Group Head of Investor Relations (IR) | |
| Operational integration | — Enviromental Mgmt. group  
— Procurement team  
— Cross Business CR working Groups | |

**How we manage Group corporate responsibility**

The CR Committee oversees our activities on ExCo’s behalf and partners with all business areas. The Committee’s key functions include measuring and reporting on our CR performance to the Board and ExCo, and periodically reviewing our CR strategy and performance benchmarks, to ensure they remain relevant and reflect stakeholder expectations. Committee members span all areas of the business, to help develop our CR thinking and to embed our CR approach throughout the Group.

**PILLARS OF CORPORATE RESPONSIBILITY**

**OUR MARKETS**

“Our clients and our clients’ clients care more than ever about the impact of businesses on society. Our markets have to live up to this challenge.”

Raffaele Jerusalmi
Group Director of Capital Markets  
CEO, Borsa Italiana

**OUR SERVICES**

“Our services must provide a real social benefit; to reduce the cost of investment and to help investors understand and manage risk for themselves and society as a whole.”

Mark Makepeace
Group Director of Information Services  
CEO, FTSE Group

**OUR PEOPLE**

“To develop an organisation that can adapt to change and thrive, this year we have invested in opening new channels for dialogue with colleagues globally, and in valuing the diverse talent we attract to our business.”

Tim Jones
Group Head of Human Resources

**OUR COMMUNITIES**

“We manage our community impact with the same level of focus and innovation we have for our clients. Our approach to philanthropy and the environment is evolving in-line with our business diversification strategy in the communities where we operate and beyond.”

David Lester
Group Director of Corporate Strategy
Progress on our commitments

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

<table>
<thead>
<tr>
<th>FY14 Commitments</th>
<th>Status</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our Markets</td>
<td>Ongoing</td>
<td>This year we launched the pan-European phase of our Elite programme (p.12), continued to attract listings to our AIM markets across the UK and Italy (p.12) and through our Clean Energy IPO Forum, helped over 80 Cleantech companies get exposure to long-term funding opportunities (p.10). There are now 167 Cleantech companies listed on our markets across Italy and the UK, up from 160 in March 2014 (p.10).</td>
</tr>
<tr>
<td>Encourage further good governance practices on our markets.</td>
<td>Ongoing</td>
<td>We organised the 15th European Corporate Governance Conference, which was hosted at Borsa Italiana in October 2014 (p.9), and developed our partnership with CDP, hosting events for the launch of the FTSE350 and the Italy 100 climate reports and encouraging listed companies to disclose their environmental impact (p.9). An update on the EU non-financial reporting directive is provided on p.9.</td>
</tr>
<tr>
<td>Our Services</td>
<td>Ongoing</td>
<td>Following over 18 months of development work, in September 2014 FTSE transitioned the FTSE4Good Index Series and the FTSE ESG Ratings to its next generation ESG Model, over which FTSE has full ownership and control. In addition, FTSE has been developing a Low Carbon Economy (LCE) capability. These ESG and LCE capabilities provide a powerful basis for further product creation. Recent ESG index launches include the FTSE Ex-Fossil Fuel Series and the FTSE4Good Bursa Malaysia Index. See pages 14-16 for further details.</td>
</tr>
<tr>
<td>Further integrate our services, to increase efficiencies for market participants.</td>
<td>Ongoing</td>
<td>As LSEG has grown following recent acquisitions, there has been an opportunity to integrate the various businesses. In terms of governance and policy, there is a need to preserve organisational independence. However, we have also found efficiencies in a number of areas, including operational efficiencies at LCH.Clearnet. Following the acquisition of Russell, we will also explore efficiencies in the combined FTSE and Russell index business.</td>
</tr>
<tr>
<td>Our People</td>
<td>Ongoing</td>
<td>This year the Group launched its first ever employee engagement survey (p.20) and set up a dedicated Talent unit, to address talent succession and development (p.18). Our first global diversity initiative, WIN – Women Inspired Network, and our upgraded apprenticeship scheme (p.18) are evidence of an increased focus on inclusion.</td>
</tr>
<tr>
<td>Focus on innovation through collaboration, by leveraging our Group’s talent and business diversity and promoting staff engagement.</td>
<td>Ongoing</td>
<td>This year we launched a Group online compliance training platform, to guarantee total coverage of training on the policies that embed our values and behaviour into our day-to-day operations (p.19). We also launched our Supplier Code of Conduct, to align supplier sourcing to our values and ethical standards (p.36), and a new Conflict of Interest policy (p.37).</td>
</tr>
<tr>
<td>Further embed our values and ethical behaviours within our business globally</td>
<td>Ongoing</td>
<td>For progress against our environmental targets, please see the Environmental section from p.31. To involve our staff in achieving our goals, our global 2014 Green Week provided an extensive range of educational and behavioural initiatives (p.28). The Group Property also received the top recognition in the 2014 Clean City Awards in London (p.31).</td>
</tr>
<tr>
<td>Increase the impact of our charitable giving approach.</td>
<td>Ongoing</td>
<td>We benchmarked our approach to charitable giving extensively, refreshing our reporting methodology to go beyond charitable donations (p.22), and worked with the companies recently integrated into the Group to develop a common community investment framework (p.22).</td>
</tr>
</tbody>
</table>
Progress on our commitments continued

Our commitments and progress as a member of the UN Sustainable Stock Exchange (SSE) Initiative

Background to the SSE Initiative
The SSE Initiative aims to explore how exchanges can work together with investors, regulators and companies to enhance corporate transparency and ultimately performance on ESG issues and to encourage responsible long-term approaches to investment. Currently, 19 exchanges from around the world are partner exchanges to the SSE Initiative.


LSEG membership of the SSE Initiative
In June 2014, LSEG announced that it would partner with the SSE initiative. In a letter to UN Secretary General Ban Ki-moon, LSEG committed to working with investors, companies and regulators to promote long term sustainable investment and improved ESG disclosure and performance among companies listed on its exchanges. This announcement was marked by the market open ceremony at the London Stock Exchange, at which UN officials welcomed LSEG to the SSE Initiative, including UNCTAD Secretary-General Mukhisa Kituyi.

Communication with Stakeholders
In early 2015, the SSE Initiative asked member exchanges to produce a communication to stakeholders, based around a specific structure, to share our approach with regard to promoting sustainable capital markets. Our SSE Communication with Stakeholders is set out in an appendix to this report.
Pillar 1 – Our Markets

“OUR CLIENTS AND OUR CLIENTS’ CLIENTS CARE MORE THAN EVER ABOUT THE IMPACT OF BUSINESS ON SOCIETY. OUR MARKETS HAVE TO LIVE UP TO THIS CHALLENGE.”

Raffaele Jerusalmi
Group Director of Capital Markets
CEO, Borsa Italiana

9th

LSE’s global position relative to 46 exchanges on ESG disclosure of issuers

Our CR strategy related to our role as a provider of vital capital market infrastructure focuses on three main areas that we deem relevant for our business, our role at the centre of financial markets, and our stakeholders:

I. Efficiency, governance, transparency and neutrality

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

II. Promoting future-oriented asset classes

We value capital formation through asset classes that promote the wellbeing of future generations or those in need now.

III. Helping small businesses grow

We undertake ‘patient’ promotion and education initiatives, that help bridge the gap between small enterprises and access to vital financial capital.

The materiality of these three areas is supported by research carried out by the Sustainability Accounting Standards Board (SASB), which in its 2014 “Security & Commodity Exchanges Research Brief” identifies the industry’s material sustainability issues as:

(i) promoting transparent and efficient capital markets
(ii) managing conflicts of interests
(iii) managing business continuity and technology risks

Promoting integration of ESG performance into capital markets is also underscored as extremely relevant for exchanges’ stakeholders. The paper is available on the SASB website.

In the following sections, we provide an update on our work in these three areas in the reporting period, in addition to our progress against relevant indicators.

I. Efficiency, governance, transparency and neutrality

Efficiency

The most relevant performance indicators for our role as a capital markets infrastructure provider are listed below, following SASB’s recommendations:

KPI1 – Availability of information dissemination system (RNS)
- % uptime
99.9%

KPI2 – Availability of LSEG market platforms
- % uptime
100%

Governance

This year we have continued our work to promote good governance on our markets. In particular, in Italy through Borsa Italiana we have continued to support the Italian Corporate Governance Committee.

Borsa Italiana hosted two meetings of the Italian Corporate Governance Committee. During the first, held in July 2014, the Committee approved improvements to the Italian Corporate Governance Code. During the second, held in December 2014, the Committee approved the yearly activity report, including the second report on compliance with the Italian Code. Sir Win Bischoff, Chairman of the Financial Reporting Council, the UK authority responsible for updating and monitoring the standards of governance of UK companies, attended the December meeting.

Sir Win pointed out the substantial alignment of best practice in Italy and the UK, hoping for a greater coordination of national bodies responsible for the preparing and monitoring corporate governance codes, while respecting the individuality of laws and regulations of each EU member state. The report can be accessed on the Borsa Italiana website.

Transparency

The transparency of our markets with regard to the disclosure of ESG information is a key enabler of responsible investment and also crucial for monitoring the impact on society of successful, mature businesses. For the past three years, sustainability rating agency Corporate Knights Capital has assessed global stock exchanges on the quality of non-financial information disclosed by their listed companies. The full report for 2014, which comprises 48 stock exchanges, can be accessed on the Corporate Knights Capital website.

LSE’s performance has improved in 2014 compared to 2013: our Main Market, represented by a sample of 223 large corporations using Corporate Knights Capital methodology, has moved from 11th to 9th position. LSE also ranks first among the major stock exchanges. On the other hand, Borsa Italiana’s ranking, as represented by a sample of 55 large corporations, has deteriorated, moving from 13th to 19th position. This was due to lower levels of disclosure from the 12 additional companies that were admitted to MTA during the year and higher levels of disclosure by companies listed on stock exchanges among emerging countries contributing to increased competition in rankings.

<table>
<thead>
<tr>
<th>ESG transparency ranking</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>LSE</td>
<td>12</td>
<td>11</td>
<td>9</td>
</tr>
<tr>
<td>Borsa Italiana</td>
<td>8</td>
<td>13</td>
<td>19</td>
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</tbody>
</table>

Pillar 1 – Our Markets continued

Transparency/Environmental Disclosure
In 2014 we also upgraded our partnership with CDP, the Carbon Disclosure Project. In addition to hosting the presentation of CDP’s report on environmental disclosure by Italian listed companies for the fourth year in a row, we hosted the presentation of FTSE350 environmental disclosure for the first time. The event took place on 17 October at LSE’s headquarters in London, with 150 attendees learning the results of CDP’s global disclosure system for environmental data on UK listed companies and examples of best practice disclosure. The Carbon Disclosure Standard’s Board set out its expectations for future non-financial reporting and Sir David King, UK Special Representative on Climate Change, provided a government view on the negotiations for a new global deal on climate change.

At the Italian event on 5 November 2014, we were also pleased to present the listed companies with the best disclosure for investors.

Both at LSE and at Borsa Italiana, the events were hosted by senior managers of our Primary Markets, to highlight the importance of environmental disclosure for investors.

LSEG position on non-financial reporting requirements
LSEG welcomes the approval in April 2014 of the EU directive on non-financial reporting. It is important that this enables global consistency, comparability and reliability. After taking part in the EU consultation in the lead-up to the drafting of the directive, LSEG is pleased to see alignment with global standards, the use of the comply-or-explain principle and rules that do not discriminate between listed and non-listed companies.

LSEG supports the ‘comply-or-explain’ basis of the non-financial reporting directive and the drive to improve international standardisation of non-financial information, as this enables investors to more easily assess non-financial information across jurisdictions. As a listed company, LSEG currently reports on almost all the factors in the directive, as do many companies on our markets. We welcome the recognition of diversity as being wider than gender diversity. We recognise the benefit throughout the Group of having a diverse range of input from people with a wide range of backgrounds and nationalities. This is reflected at Board level by our Directors’ diverse backgrounds and nationalities. However, as the social objectives of increased diversity reporting are the same across company ownership structures, there is no justification to apply this requirement to listed companies only.

Timeline
— Entry into force: 5 December 2014
— Transposition deadline: two years after entry into force (6 December 2016)
— Reporting requirement: From 1 Jan 2017
— Review: four years after entry into force (Dec 2018)

Engaging with stakeholders on ESG disclosure in Italy
Borsa Italiana also partnered with the Italian Forum for Sustainable Finance (Forum per la Finanza Sostenibile) to organise the main event of the 2014 Sustainable and Responsible Investment Week, on 12 November 2014. Borsa Italiana’s Primary Markets were represented at a roundtable on the impact of responsible investment on the performance of listed companies. We were also pleased to host a ground-breaking roundtable between selected investors and listed companies, organised in collaboration with CDP to encourage dialogue on environmental performance and climate change strategies.

Borsa Italiana is proud to have founded and to continue to support NIBR, the Italian Network on Business Reporting, in its effort to create standards for non-financial reporting by industry sector. In 2014, NIBR worked with its members and stakeholders to understand the impacts of the new EU directive on non-financial reporting. The results were presented at a conference held in Rome on 23 January 2015.
Pillar 1 – Our Markets continued

Transparency/Financial Education
We believe our markets should be accessible to all investors, including small, private investors. For this reason our Capital Markets divisions invests significantly in educating private investors, to provide them with tools and resources that help them make better investment decisions.

Our events dedicated to private investors, the Stock Market Show in London and the Trading Online Expo in Milan, have attracted more than 4,700 delegates.

Neutrality
We have strong anti-corruption and conflict of interest policies and systems, to minimize the risks deriving from the behaviours of individual employees. We have also put in place and regularly review market-sensitive procedures that prevent organizational conflicts of interest, by clearly assigning roles and responsibilities.

For more information, see the Ethical Behaviour section under “Our People” and the Governance section in the second part of this report.

II. Promoting future-oriented asset classes

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 Markets indices, such as the FTSE Environmental Opportunities Index, also helps investors to identify and gain exposure to firms in seven environmental market sectors: renewable and alternative energy; energy efficiency; water infrastructure and technologies; pollution control; waste management and technologies; environmental support services; and food, agriculture and forestry.

We facilitate access to capital for Cleantech companies and currently have 167 admitted to our markets. Our markets also accommodate funds investing in this sector. For example, the Next Energy Solar Fund raised £85 million when it floated on the Main Market in April, with a further fund-raising of £95 million in November enabling a broader spread of investors to participate.

Green Exchange-Traded Funds (ETFs)
We encourage responsible investment by both institutional and private investors, by providing a framework for listing ETFs that track socially responsible and environmentally friendly indices. Orderbook trading in green ETFs increased significantly in 2014, compared to 2013. There are currently eight socially responsible or environmentally friendly ETFs listed on London Stock Exchange and seven on Borsa Italiana.

Charity Bonds
We continue to work with issuers and advisors to improve capital market access for social enterprises and other not-for-profit entities. In July 2014, we welcomed the first retail bond on behalf of Golden Lane Housing, a subsidiary of Mencap, which was issued through Retail Charity Bonds PLC. This platform was set up on the initiative of Allia (a registered charity) to help established charities raise funds from ethical investors by issuing retail bonds. A2Dominion also issued its second social housing retail bond, which raised £150 million and was listed on the Order book for Retail Bonds (ORB) on 1st October 2014. The book building for the A2Dominion bond was the quickest for any ORB issue so far.
Pillar 1 – Our Markets continued

Social Stock Exchange
Recognising the growth of impact investing and the desire of companies that have a strong social and environmental purpose to highlight their credentials, we continue to work in partnership with the Social Stock Exchange (SSX). The SSX 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 SSX, 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 SSX admissions criteria. The SSX’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. Twelve social impact businesses are now admitted to the platform and their market capitalisation ranges from less than £10 million to more than £250 million, with an aggregate capitalisation of over £1.3bn.

AGREX
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 an 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.

IIID. Helping small businesses grow

AIM - Supporting Economic Growth
We strongly believe that the success of the economies in which we operate relies on high-growth companies that have the ability to scale-up rapidly. A common challenge to them all is finding appropriate, sustainable financing. We recognise that it is essential for these companies to have access to patient, long-term capital and that there needs to be a rebalancing away from overreliance on bank and debt finance, towards equity finance playing a much greater role.

Over the past two years, we have welcomed the significant and bold fiscal reforms by UK policymakers to support small, high-growth companies in accessing non-bank finance and to increase choice for both issuers and investors. This enables investors to align themselves with the long-term growth opportunities these businesses are pursuing. In August 2013, the Government’s initiative to allow AIM-quoted shares to be included in ISAs came into force, resulting in a stronger uptake in AIM shares by private investors. The removal of stamp duty for AIM shares in April 2014 provided a further significant boost for these businesses and was a key factor that enabled companies to raise £6bn on AIM in 2014, through a mixture of IPOs and follow-on capital raisings.

€110m
average revenue of ELITE companies (as of 7 November 2014)

167
Cleantech companies are listed on LSEG markets

€110m
average revenue of ELITE companies (as of 7 November 2014)
During 2014, we saw a seven-year high for IPOs in the UK. In total there were 138 IPOs, which raised £16.9 billion on AIM and the Main Market. There were 80 IPOs on AIM during the year and 21 on AIM Italia. We also saw the continued trend for private equity backed and technology companies to conduct their IPOs on our markets, including the IPO of Circassia Pharmaceuticals which raised £211 million, making it the largest biotech IPO globally by money raised in 2014. Going forward we see strong appetite from companies working towards an IPO on our markets.

We continually look at new ways to enable growth businesses to access the public markets, while recognising that there is more to helping these companies succeed than just the growth of public market finance. We understand that many management teams of high-growth businesses also need unbiased and comprehensive information about the range of financing options available to them and benefit from having a network of like-minded peers, intermediaries and investors. For these reasons, we have been actively developing our ELITE programme.

ELITE is a programme designed to foster innovation, enhance growth and develop job creation opportunities for the most exciting European SMEs.

ELITE supports ambitious companies towards future growth and investment by offering a unique opportunity to unlock their potential, developing long-term strategic thinking and giving them structured access to the international financial community.

The ELITE programme was successfully launched in Italy in 2012 and in the UK in 2014. It has allowed over 200 firms of different sizes and sectors to share growth solutions, directly access more than 70 sources of long-term private equity and debt and benefit from the support of 150 stakeholder partners, including business schools, trade associations, leading entrepreneurs, accountants, lawyers and banks. ELITE has attracted 176 Italian and 33 UK companies, with average revenues of €110 million (as of November 2014).

Since December 2014, we have extended the programme to European SMEs, which will be able to join ELITE in 2015. ELITE in Europe will be an international platform deeply rooted in each domestic market, through partnership with local institutions combined with the opportunity to access pan-European support and advice.

On 3 December 2014, LSEG officially launched the next stage of its pioneering ELITE programme, to include companies from across Europe. The enlarged programme, already home to over 200 Italian and UK companies, will be deeply rooted in each domestic European market, through partnerships with local institutions including advisers, investors and stakeholders.

Held at the European Parliament in Brussels, the launch event featured keynote speeches from Daniel Calleja Crespo, Director-General of DG Enterprise and Industry and Special Envoy for SMEs, as well as Neena Gill MEP and Alessia Mosca MEP, from the Economic and Monetary Affairs Committee.

The audience of EU policymakers, stakeholders and journalists also heard from a panel of ELITE company CEOs, James Watson, Director of Economics Department, BUSINESSEUROPE, and Candace Johnson, President of European Business Angels Network.

Discussing the value of the programme, Daniel Calleja Crespo said, “Building and providing access to a fully joined up funding ladder, from early stage venture capital to IPOs, for Europe’s ambitious and most dynamic SMEs, is an opportunity to assist these vital companies in creating the innovation, economic and jobs growth that Europe needs.”
Pillar 2 – Our Services

“Our services must provide a real social benefit; to reduce the cost of investment and to help investors understand and manage risk for themselves and society as a whole.”

Mark Makepeace
Group Director of Information Services

250,000
announcements processed by RNS each year

24
Malaysian constituents in the new FTSE4Good Bursa Malaysia Index

I. Enhancing transparency, cost effectiveness and risk management
We will be a champion for transparency. Our services will enable cost and capital efficiency and will promote risk-based approaches which underpin market integrity and confidence in financial services.

II. Enabling sustainable investment
We will enable market participants to integrate sustainability and transition to a low carbon economy, by developing global standards and measuring corporate performance.

III. Sharing knowledge and expertise
Our aim is to support professional and financial advancement globally, through learning and development. This includes partnering with international schools and universities, providing capital markets education, and supporting the enhancement of exchanges and capital markets, particularly in emerging and frontier markets.

In the following sections, we provide an update on our work carried out in these three areas during the reporting period.

I. Enhancing transparency, cost effectiveness and risk management
We drive cost and capital efficiency by partnering with and supporting market participants with their post-trade activity. We continue to support open access models and innovation, to enable market participants to manage choice and costs.

IOSCO Compliance
Since its inception in 1995, FTSE has aimed to lead best practice standards in index governance and has established a global reputation for transparent, robust and rules-driven index construction. FTSE has a control and governance framework that benefits from internal governance, operated through working groups of knowledgeable, experienced employees, and external oversight, provided through advisory committees formed of senior, experienced market practitioners and stakeholders.

In line with this approach, in July 2014, FTSE issued a Statement of Compliance with respect to the recommendations made by the International Organization of Securities Commissions (IOSCO) in the Principles for Financial Benchmarks (the IOSCO Principles). KPMG LLP provided independent assurance of FTSE’s assertions in its Statement of Compliance.

FTSE fully embraces the IOSCO Principles and endorses IOSCO’s objective to address conflicts of interest in the benchmark setting process, enhance the reliability of benchmark determinations, and promote transparency and openness.

Regulatory News Service enables transparency
RNS is a regulatory and financial communications channel, allowing companies to communicate with professional investors. It is the provider of choice for companies traded on the London Stock Exchange, and helps them and their intermediaries to fulfill their UK and other global regulatory disclosure obligations in the most efficient way possible.

RNS processes 250,000 announcements each year, and originates more than 70% of all regulatory and potentially price-sensitive UK company announcements. Clients include the vast majority of Britain’s leading benchmark companies, as well as all the leading financial public relations firms and corporate advisers.

Releasing announcements through RNS ensures company information is distributed immediately and accurately. Announcements are available through professional terminals, databases and financial websites across the world, including key vendor services such as Thomson Reuters, Bloomberg and Dow Jones, as well as the LSE’s corporate website.

Aligning current clearing and settlement services to international best practices
Our clearing and settlement services support the ongoing regulatory focus on ensuring financial market resilience and stability. globeSettle, LSEG’s new CSD based in Luxembourg, received regulatory approval to start operations in May 2014. globeSettle gives its clients access to J.P. Morgan’s collateral management services, delivering global collateral optimisation across a variety of structures, instruments and models.

During the year LCH.Clearnet Group CCPs, based in the UK and France, received regulatory authorisation confirming it’s risk management framework, technology, governance, operating model and capital meet the standards required by EMIR. LCH.Clearnet was also named “Risk” magazine’s 2015 Clearing House of the Year.
Interoperable arrangements with other CCPs
Under interoperability, a CCP establishes a link with another CCP so that trading participants can choose which CCP will clear and settle their trades. This results in decreased post-trade costs for participants, margin and settlement efficiencies and increased competition and ultimately encourages market innovation.

II. Enabling sustainable investment
We support the integration of ESG considerations into investment and investor stewardship by providing world leading ESG benchmarks, information services and analytical tools. Our tools enable investors to measure, model and implement ESG and low carbon economy (LCE) investment approaches.

FTSE’s ESG and LCE products
We create world-class investment solutions and information services, which enable investors to consider corporate performance measures representing potential long-term investment risks and opportunities. FTSE is a pioneer in sustainable investment and has dedicated ESG and LCE units, with expertise spanning European, North American and Asian Markets. Members of these units play active roles in all major regional sustainable investment industry associations. As a founding signatory, FTSE helped develop the United Nations-backed Principles on Responsible Investment. Having launched the FTSE4Good series over a decade ago, the team has expanded the series, overseen ongoing enhancements to the standards applied and introduced new index families and ESG products.

Hosting external sustainable investment events
On 5th December 2014, the London Stock Exchange hosted a UKSIF and Corporate Knights workshop to examine the state of sustainability data disclosure and major trends, and how sustainability data can power investment strategies. Speakers included FTSE, the Unilever pension fund, GRI, Aviva Investors and Richard Howitt, MEP and spokesperson on Corporate Responsibility for the European Parliament.

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Growing FTSE’s ESG service offering
FTSE4Good Index Series. Since 2001, FTSE has pioneered ESG indices through the FTSE4Good Index Family, which comprises companies demonstrating strong ESG performance.

With advice and direction from the independent FTSE4Good Advisory Committee, and supported by an evolving criteria platform and direct company communication programme, FTSE4Good has had a significant and measurable impact on the behaviour of companies worldwide while providing investors with a tool for benchmarking and tracking ESG-driven funds. The index family spans 13 benchmark and tradable indices covering different regions.

FTSE Ratings
The Ratings provide investors with a flexible and granular scoring model, enabling them to understand a company’s ESG practices in multiple dimensions and to integrate ESG considerations into investment decisions and stewardship approaches.

FTSE Environmental Markets Series
Launched in 2008 in partnership with Impax, this series is based around the FTSE Environmental Markets Classification System, which categorises companies into seven sectors and 29 sub-sectors, according to the types of environmental products or services they provide. These include renewable and alternative energy, energy efficiency from enhanced energy storage to smart grid technology, pollution control, water technology and infrastructure, and waste and recycling technology. This is a family of 19 indices.

FTSE Low Carbon Economy Industrial Service
This is a quantitative model for analysing the industrial transition to a low carbon economy. In this model, FTSE LCE applies a consistent test of utility, which defines and captures the changing profile of LCE revenue lines over time. FTSE LCE covers 9000+ public companies and uses the specially designed FTSE Low Carbon Economy classification system consisting of eight sectors and 60 subsectors, all accessible via a web-based application.

FTSE Developed ex Fossil Fuels Index Series
Market participants are increasingly looking to manage carbon exposure in their investments and to reduce write-off or downward revaluation risks associated with stranded assets. Stranded assets are fossil fuel deposits that could become uneconomic to extract under certain regulatory responses to climate change. Launched in 2014, the FTSE Developed ex Fossil Fuels Index Series is a capitalisation-weighted index designed to represent the performance of constituents of the FTSE Developed Index after excluding companies that have certain revenue and/or reserve exposure to fossil fuels.

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65%

proportion of stock exchanges by market capitalisation using FTSE’s Industry Classification Benchmark (ICB)

14

years of innovation in ESG indices, since the launch of FTSE4Good in 2001
Pillar 2 – Our Services continued

Next Generation ESG Methodology for FTSE ESG Ratings and the FTSE4Good Index Series:
Following more than 18 months of development work, in September 2014 FTSE transitioned the FTSE4Good Index Series and the FTSE ESG Ratings to its next generation ESG Model. As part of this new methodology, companies are assessed using more than 300 indicators, which are divided into 14 themes. The model provides a range of different measures, from a granular level at each theme through to a single FTSE ESG Rating for each company. The model’s structure is outlined in the following diagram:

>300 Indicators
Individually researched factors

14 Themes
A Score & Exposure for each ESG Theme

3 Pillars
A cumulative Score & Exposure for each Pillar

1 FTSE ESG Rating
A cumulative calculation of total ESG performance

Collaboration with the UK Government for Tanzania market development

From January to November 2014, in close collaboration with the UK government and development programmes FSD Africa and FSD Tanzania and Tanzanian regulator CMSA, LSEG Academy ran a new-model training programme called ‘Going for inclusive growth – building capital market capacity in Tanzania’, which was addressed to key Tanzanian financial personnel.

The project dates back to a speech made in 2013 by Secretary of State Justine Greening, focused on the concept of ‘trade not aid’, with the Department for International Development (DFID) switching from financing basic services to supporting economic growth.

The three-phased training, funded by DFID and held at the LSE in January and in Dar-es Salaam in September and November, extensively covered the core components of a well-functioning capital market system and explained their role in economic development.

The practical approach and ‘knowledge-sharing’ aim of the training sessions allowed participants to discuss and reflect on their views about the opportunities and constraints to capital markets growth in Tanzania and to agree on an action plan in support of their local financial market development.

The ‘train-the-trainers’ programme was one of the most important elements of making the project sustainable. It was delivered to a selected audience of Tanzanian trainers, with the aim of spreading market expertise beyond the ‘pioneering’ capital markets participants and building Tanzania’s long-term capital markets capacity.

III. Sharing knowledge and expertise

Academy
Academy has supported the ELITE Programme’s mission to encourage SMEs’ growth in our markets, by conceiving and developing the full training and coaching programme for the European ELITE project.

MillenniumIT tech support to exchanges globally
Today’s financial markets are underpinned by technology. This technology needs to be resilient and high performance, as well as flexible and cost effective.

MillenniumIT has a full suite of products to enable market operators to develop and grow their markets, providing access to capital for their issuers and thus fueling their countries’ economic growth and prosperity.

MillenniumIT provides appropriate, cost effective solutions for trading, surveillance and post trade to customers in emerging and frontier markets in Asia and Africa. Our client list includes exchanges and depositories in countries such as Bangladesh, India, Sri Lanka, Egypt, Mozambique and Botswana.

FTSE World Investment Forum and Academic Advisory Board
In May 2014, FTSE brought together world leading financial academics and practitioners at the World Investment Forum in Georgia. FTSE was proud to share the insight, wisdom and knowledge of some of the industry’s most celebrated financial academics, economists and thought leaders with leading institutional asset owners, investment consultants and other public and private pools of capital.
Pillar 2 – Our Services

Russell Investments

Russell Investments (Russell) is developing its responsible investment and ESG integration capabilities to meet growing client requirements. To support this work Russell became a signatory of the UN Principles for Responsible Investment in 2009. Support for this initiative continues to grow with over 1,200 signatories worldwide with assets of $45 trillion. Russell's latest Transparency Report is posted on the PRI website. In 2009, Russell established the global Sustainability Council to support this work. The Council has some 20 members in 10 offices. Russell appointed a Director, Responsible Investment, in 2013.

Russell exercises its share ownership responsibilities through the global Proxy Voting Committee which sets and oversees Russell's proxy voting and related activity. On its website, Russell publishes its response to the UK Stewardship Code, and also posts a detailed evaluation on the NAPF website in response to the NAPF Stewardship Disclosure Framework. During 2014, Russell appointed eight associates as ESG Knowledge Specialists, to further integrate ESG considerations into Russell's investment process. Also, Russell's proprietary manager research database (Radar) was modified to include analyst evaluation of manager ESG capabilities.

Russell publishes research on ESG issues, and contributes to a number of industry initiatives in this area including collaborative work streams, speaking at financial sector conferences and input to policymakers.

In February this year, LSEG announced it will explore the sale of this business in its entirety.

The agenda has included Professor Elroy Dimson presenting his research on the relationship between stock investment returns and active ownership on ESG matters.

FTSE has an Academic Advisory Board, made up of some of the world's most accomplished financial researchers, theorists and economists. Many of these individuals have received prestigious honours and awards for economic analysis, financial theory, portfolio construction, academic practice and journalism. FTSE believes that close interaction and knowledge sharing between leading academics and the finance industry is critical to developing solutions that will solve real investment challenges.

FTSE partnerships with exchanges across developed, emerging and frontier markets

Over 20 stock and derivative exchanges around the world have selected FTSE to calculate their domestic indices. FTSE’s exchange partners span the Americas, Europe and Asia, and include the Jakarta Stock Exchange, Bursa Malaysia, SGX (Singapore), Johannesburg Stock Exchange, Nairobi Stock Exchange, the African Securities Exchange Association, Casablanca Stock Exchange, Taiwan Stock Exchange, Shanghai Stock Exchange, The Stock Exchange of Thailand, and NASDAQ. Many other exchanges also use FTSE’s Industry Classification Benchmark across their listings and indices. These stock exchanges represent over 65% of the world’s market capitalisation. Combining local market knowledge with FTSE’s global index and classification expertise enables the creation of benchmarks, tradable indices and stock classifications, that are suitable for both domestic and global investors.

These partnerships give global investors better access to these markets and facilitates investment flows that enable economic development.

FTSE4Good Bursa Malaysia

In December 2014, FTSE launched the FTSE4Good Bursa Malaysia Index and associated ESG Ratings for 200 Malaysian companies in collaboration with its partner, Bursa Malaysia, the Malaysian stock exchange. This realised a commitment made by the Malaysian Prime Minister Datuk Seri Mohd Najib Razak in June 2014 that Bursa Malaysia and FTSE would collaborate on the creation of an ESG index for the Malaysian Market. The main objectives of the index are support investors in integrating ESG considerations, encourage best ESG practice and disclosure, and support the transition to a more environmentally efficient and sustainable economy. Of the 200 companies assessed by FTSE, 24 met the criteria to be included in the index at launch. During 2014 and 2015, FTSE is conducting a series of seminars in Kuala Lumpur, in collaboration with Bursa Malaysia, to provide support and guidance to Malaysian listed companies on how to improve ESG practice and disclosure. This is expected to lead to a growing number of companies meeting the standards and entering the index in the future.

FTSE4Good catalysing responsible marketing practices in the infant formula sector

FTSE has played an important role in enhancing corporate ESG disclosure and practices around the world. It regularly develops new ESG criteria for the FTSE ESG Ratings and the FTSE4Good Indices, through market consultation to capture emerging ESG areas. As FTSE introduces these requirements, its ESG team works closely with companies to help them understand what is being asked of them.

Infant formula and food companies have required a specific focus. Inappropriate marketing of infant formula has led to infant mortality and malnutrition globally. The main international standard is the World Health Organisation’s International Code of Marketing of Breast-milk Substitutes (the WHO Code), which FTSE draws from in the criteria it uses to assess companies manufacturing infant formula and foods. This is a very contentious area, with distrust and extremely different interpretations of the WHO Code between industry and civil society groups. FTSE’s transparent criteria, collaboration with all stakeholders, and evolving methodology has led to steady improvements. One aspect of this includes FTSE commissioning verification assessments every 18 months. The verifiers, currently PriceWaterhouseCoopers, check company practices on the ground in two higher risk countries. The findings are published on FTSE’s website and FTSE holds stakeholder workshops inviting the company being verified, civil society organisations and investors to present the results, gather feedback and encourage collaboration. Recognising FTSE’s important role in moving forward this agenda, the Bill and Melinda Gates Foundation has recently granted FTSE funds to use to conduct these assessments for a six year period.
Pillar 3 – Our People

“TO DEVELOP AN ORGANISATION THAT CAN ADAPT TO CHANGE AND THRIVE, THIS YEAR WE HAVE INVESTED IN OPENING NEW CHANNELS FOR DIALOGUE WITH ALL OUR COLLEAGUES GLOBALLY, AND IN VALUING THE DIVERSE TALENT WE ATTRACT TO OUR BUSINESS.”

Tim Jones
Group Head of Human Resources

We rely on the critical skills and energy of our staff to bring our corporate values of Integrity, Partnership, Innovation and Excellence to bear on developing and delivering of our strategy. To build a sustainable organisation and mitigate people-related risks, we focus our human capital development strategy on three main areas:

I. Long-term high performance
We develop a diverse workforce that works in an inclusive and healthy environment, where the focus is on enabling everyone to realise their full potential.

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.

III. 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.

The relevance of these three focus areas for our industry positioning, our long-term success and our stakeholders is underscored by the feedback we have received from the sustainability raters we have engaged with (Dow Jones Sustainability Assessment, FTSE ESG, Sustainalytics, Corporate Knights and MSCI – please see the ‘Our external recognitions’ section for more information).

In the following sections, we report on our programmes in the three areas and on our Group-level progress against key measures over the reporting period. For Frank Russell Company, which LSEG has only owned from 3 December 2014, we have provided a few highlights on existing policies and schemes.

I. Long-term high performance

People base KPIs
On 31 December 2014, the Group employed 4,656 employees. This was up 62% from the end of the previous reporting period due primarily to the acquisition of Frank Russell Company. On an organic basis, excluding the impact of the acquisition, we can report on the following KPIs:

<table>
<thead>
<tr>
<th>People base indicators</th>
<th>2014 (9 months)</th>
<th>FY2014</th>
<th>FY13</th>
</tr>
</thead>
<tbody>
<tr>
<td>New hires</td>
<td>346</td>
<td>375</td>
<td>249</td>
</tr>
<tr>
<td>Voluntary turnover</td>
<td>8.0%</td>
<td>11.9%</td>
<td>11.0%</td>
</tr>
<tr>
<td>% permanent contracts</td>
<td>95.0%</td>
<td>97.0%</td>
<td>90.0%</td>
</tr>
<tr>
<td>% part-time contracts</td>
<td>2.5%</td>
<td>2.9%</td>
<td>4.0%</td>
</tr>
</tbody>
</table>

Employees with fixed-term and part-time contracts have access to the same or equivalent development opportunities and benefits as those with permanent or full-time contracts.
Pillar 3 – Our People continued

One Contract – Phase III
To facilitate talent mobility across the organisation, this year we have worked on the third phase of our employment contract harmonisation project, One Contract. We prepared the migration of our UK-based LCH.Clearnet employees to the Group common blueprint, affecting 4,440 people. The aim of One Contract has been to retain broad parity and either maintain or improve the existing benefit offering, extending the Group suite of flexible benefits. From January 2015 new joiners were engaged on these terms.

Talent
In 2014, the Group made significant progress to address human capital development. A new, dedicated Talent unit, with the appointment of a Group Head of Talent and a team of professionals in the areas of resourcing, development, training and diversity management. Among the first initiatives launched to address our long-term talent requirements (excluding Frank Russell Company) were:
— creation of Talent Boards at divisional level, which carried out an extensive review of the Group’s critical roles and talents, and defined succession plans;
— development of a “Core Curriculum” suite of courses, designed to ensure the acquisition of key skills and knowledge across the Group, with a view to rolling out the initiatives in 2015;
— development and launch of a Group online platform for delivering compliance distance learning content to all Group staff, wherever based;
— insourcing of resourcing activities, to gain tighter control over our talent requirements and greater alignment of new joiners to our Group values and behaviours;
— restyling of our international Graduate Programme, with our fifth in-take of 19 graduates joining the Group in September 2014; the programme is now divided into Business and Technology tracks, to better fit the Group’s long-term skill requirements;
— inclusion of corporate responsibility into our employer value proposition; and
— upgrading of our Group summer internship programme, with an in-take of 10 students, who were fast-tracked into the selection process for the 2015 in-take of our Graduate Programme: this year’s edition saw the interns also involved in volunteering activities with one of the Group partner charities, the Ellen McArthur Cancer Trust.

For the nine months covered by this report, our investment in training – including the costs for setting up the online training platform, but excluding Frank Russell Company – amounted to £1.3 million, compared to the equivalent pro-rated investment of £700,000 last year.

In the same period, all eligible staff across the Group (excluding Frank Russell Company) were involved in formalised objective setting and performance appraisal, including employee self-evaluation on both achievement of objectives and application of the Group values and behaviors.

Diversity and Inclusion
We value diversity and inclusion as drivers for innovation and better decision-making and as contributors to the sustainable growth of our local communities. We have employees of 51 nationalities, reflecting both the growing diversification of our business and the diversity of our customer base. 5 nationalities are represented on our ExCo.

For details about gender and age diversity in the Group, including Frank Russell Company, please see the Social section of this report.

Our most significant diversity and inclusion programmes during the period were:
— setting up the first ever global, women’s network at Group level, WIN – Women Inspired Network: we have carried out a high-level needs analysis and established a steering group to drive further engagement with women across the Group in 2015;
— supporting Valore D, an Italian not-for-profit organisation, which promotes gender diversity in the business community, helping raise the aspiration of women and encouraging employers to tap into the pool of female talent, by providing women with development and work-life balance opportunities; and
— launching the “Gateway to the City” apprenticeship scheme, described in the case study on this page.

Health & Safety
The Group Health, Safety and Environment manager oversees a global health and safety (H&S) management system, to maintain and raise standards as the Group expands.

Our ExCo approved a revised Group Policy, reaffirming our commitment to a culture of H&S throughout the business and engagement across the Group has grown with the inclusion of safety into two new global operational and strategic forums.

H&S is managed by Group Property, supported by specialist Health and Safety advisors. Regular meetings are held to monitor and manage any safety concerns and updates across the Group. The team works closely with key property suppliers, including design and construction contractors, to reduce the H&S risks associated with their activities.
In 2014, we produced a suite of globally applicable procedures, which are scheduled for release on a new Group intranet. This will ensure consistency in our approach to H&S, to help meet global and local legal requirements. As part of our commitment to continuous improvement, we have scheduled compliance reviews for our smaller sites in 2015, along with our regular internal audits and investment in e-resources, to capture safety KPIs across the Group.

For more information about reportable accidents, please see the social section.

II. Ethical behaviour

Compliance training
During the reporting period, we launched a new online training platform and submitted a suite of mandatory distance learning courses to all staff. The topics covered were:
— our conflict of interest policy;
— listing, disclosure and transparency rules;
— our employee information security policy; and
— our anti-money laundering policy.

The platform requires all participants to take part in a final test, measuring the learning achieved. The percentage of eligible delegates that successfully took the online courses generally surpassed the target of 90% for each business or department.

Embedding our values
Since the launch of the Group behavioural framework, we have continued to measure employees’ staff behaviours alignment to our values, by linking their performance rating to an assessment of values and behaviours.

In September 2014, our employee engagement survey also measured the extent to which our values are embedded in the Group. The overall score was 74%, one of the highest among the items surveyed (please see Engagement paragraph below for more information on the survey and its methodology).

A set of policies has embed our Group Code of Conduct into our day-to-day operations. For more information on our policies, please see the Governance section.

Ensuring compliance and providing assurance
The Internal Audit function provides independent assurance to the Board and Executive Management on the Group’s system of internal controls, including the effectiveness of policies and procedures. In addition, Internal Audit regularly assesses the Group’s culture through its programmed audits. During the reporting period, Internal Audit performed 65 reviews, including anti-money laundering, dealing in LSEG shares, and various other policy compliance audits across the Group.
Pillar 3 – Our People continued

III. Engagement

Employee engagement survey
In September 2014, the Group launched its first Group-wide employee engagement survey. This excluded Frank Russell Company, which was not part of the Group at the time. The survey assessed employee perceptions of the following areas:
  — LSEG vision, values, purpose and strategy;
  — job satisfaction;
  — reward and recognition;
  — employee involvement and support;
  — learning and development;
  — teamwork;
  — customer service;
  — leadership; and
  — work environment.

The survey was voluntary and anonymous. It was supported by an extensive internal communication campaign that led to an overall 80% take-up rate, with no significant variance across our regions and divisions. The overall engagement score of 76% is positive and closely tracks the external benchmark of companies compiled by People Insight, the independent specialists we engaged to conduct the survey.

Given that LSEG has been in a period of transformational growth, with many colleagues joining the Group relatively recently, this score is a good foundation. At the same time, some of the results show, quite understandably, that we have work to do to fully embed a partnership culture across the Group.

LSEG showed better than average scores in areas of corporate pride, with 83% of respondents confirming that they are proud to say they work here.

We also scored well in areas such as:
  — Endeavour: 72% agree that working here makes them want to do the best work they can.
  — Longevity: 70% (‘Would you still like to be working here in two years’ time?’)
  — Advocacy: 69% (‘Would you recommend LSEG as a good place to work?’).

Encouragingly, many of the questions that received the most positive responses focused on core aspects of day-to-day working. Among the top five were:
  — I am clear about what I am expected to achieve in my job (83% agreed).
  — I enjoy my work (80%).
  — My manager treats people fairly and with respect (79%).

The responses also suggested that career development and training require more focus and how we work together across teams, remains an area where more work is clearly needed.

During 2015, all business units will be actively engaged in developing and delivering action plans, so we address the prioritised areas and leverage what works well. We intend to repeat the survey on an annual basis.

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

Sharesave is available to all LSEG employees in France, Hong Kong, Italy, Sri Lanka, UK and US. Colleagues can now save up to £500 or equivalent per month, with the option, after three years, of using their accumulated sum to buy LSEG shares at a pre-set discounted price. Alternatively, at the end of the three years, they can simply reclaim their savings.

These levels of participation show stronger support for the Group’s strategy, providing employees involved in the scheme with an extra incentive to commit time and effort – and to inspire others to do the same.

Employee relations
Our policy is to maintain well-developed communication and consultation practices with all employee representative bodies.

There were no material disruptions to our operations from labour disputes during the reporting period.

The most relevant indicators of our employee relations performance across the Group (excluding Russell) are provided below:

<table>
<thead>
<tr>
<th>Employee relations indicators</th>
<th>2014 (9 months)</th>
<th>FY 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of employees covered by collective bargaining agreement¹</td>
<td>15%</td>
<td>25%</td>
</tr>
<tr>
<td>Number of consultations with trade union and employee representatives¹</td>
<td>58</td>
<td>NA</td>
</tr>
<tr>
<td>Number of consultations with Colleague Forums¹</td>
<td>13</td>
<td>NA</td>
</tr>
</tbody>
</table>

¹. Italy and France only.
². UK only.
Pillar 4 – Our Communities

"WE MANAGE OUR COMMUNITY IMPACT WITH THE SAME LEVEL OF FOCUS AND INNOVATION WE HAVE FOR OUR CLIENTS. OUR APPROACH TO PHILANTHROPY AND THE ENVIRONMENT IS EVOLVING IN-LINE WITH OUR BUSINESS DIVERSIFICATION STRATEGY IN THE COMMUNITIES WHERE WE OPERATE AND BEYOND”

David Lester
Group Director of Corporate Strategy

As our global presence grows, we continue to engage with the increasing number of communities where we operate in, aiming to make a positive impact on them from a business, social and environmental perspective, while seeking the support of our shareholders.

Our community involvement is therefore based on the following three focus areas:

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.

II. Shareholder engagement
We unlock the value of our sustainability leadership for our shareholders.

III. Environmental management
We address our environmental impact wherever we operate, thinking of current and future generations and making efficiency savings for the business.

The relevance of these three issues for our stakeholders is supported by feedback from investors, the charities with whom we continuously engage and sustainability rating agencies. Our staff have a key role in shaping the agenda and delivering our programme, through their active engagement in charitable activities, our environmental campaigns and as shareholders (for the levels of staff involvement in our employee ownership scheme, please see the “Our People” section).

In the following sections, we provide an update on our work in these three areas in the reporting period, in addition to our progress against relevant indicators.

I. Philanthropy with impact
Charitable giving
For the nine months ended on 31 December 2014, the Group donated £1,511,00 (including Frank Russell Company’s donations for December 2014). This was a 21% increase compared to the equivalent pro rated period last year. Excluding the charitable donations made through Russell, the increase in donations was 7%.

The donations for the nine months are equivalent to £534 per employee (excluding Russell), a 23% increase on the equivalent pro rated period last year. Our donation per employee is 100% higher than the pro rated benchmark calculated by the London Benchmarking Group, which showed that the average amount donated per employee by leading corporate donors was £352 in 2014, equivalent to £264 for the nine month period.

<table>
<thead>
<tr>
<th>LSEG Charitable giving</th>
<th>1 April-31 December 2016</th>
<th>1 April-31 December 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donated directly to charities (mainly from FTSE, LCH Clearnet and Russell)</td>
<td>619,000</td>
<td>489,000</td>
</tr>
<tr>
<td>Donated to LSEG Foundation</td>
<td>892,000</td>
<td>756,000</td>
</tr>
<tr>
<td>Total</td>
<td>1,511,000</td>
<td>1,245,000</td>
</tr>
</tbody>
</table>

21% increase in LSEG charitable giving over the equivalent period last year

£534 donation per employee; 100% higher than benchmark
Pillar 4 – Our Communities continued

Overall community investment
Based on the London Benchmarking Group methodology, from this year we will start to report both cash donations and other factors that reflect our overall engagement with our communities. In particular, we have identified two additional elements connected to managing our charitable programmes:
— In-kind donations: free venue hire for charities at our premises across the UK and Italy.
— Management costs: the cost of time of the managers involved in our Board of Trustees, charity committees across the Group, our Foundation’s programme office and the corporate functions that support staff engagement programmes.

Types of community investment (£)

<table>
<thead>
<tr>
<th>Types of community investment</th>
<th>9 months ended 31 December 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash donations</td>
<td>1,511,000</td>
</tr>
<tr>
<td>In-kind donations</td>
<td>62,000</td>
</tr>
<tr>
<td>Management costs</td>
<td>96,000</td>
</tr>
<tr>
<td><strong>Total community investment</strong></td>
<td><strong>1,669,000</strong></td>
</tr>
</tbody>
</table>

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 engagement with local charities.

The Foundation is a grant-making charitable body, focusing on projects that help young and disadvantaged people to reach their full potential, by developing life skills and business enterprise. It has three principal sources of funding:
— First, it receives money through fines levied by the Group.
— Second, staff make donations and organise fundraising events. This year’s fundraising initiatives include the third edition of a charitable football tournament involving client firms and a gala dinner to celebrate the anniversary of one of our markets.
— 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 Fourth Charity Trading Day was held on 19 November 2014, raising £384,000. Corporate charitable donations from other companies in the Group complete the Foundation’s donation pool.

Over the reporting period, significant effort has gone into developing a common, scalable charitable giving framework that will enable the transition of FTSE and LCH.Clearnet’s charitable giving programmes into the Foundation in 2015, with a view to subsequently integrating Russell.

In addition to funding its partner charities, the Foundation reviews applications from charities whose work falls within its three priority areas: arts & culture, healthcare, and children and youth. Most grants awarded are in the £10,000-£30,000 range and support small, local charities that make a direct impact on the community. Apart from its partner charities, over the nine month reporting period, the Foundation supported 15 charities.

The Foundation donated £626,000, a 20% decrease compared to the equivalent pro rated period last year (£779,000).

Our partner charities, Friendship Works in the UK, In-Presa in Italy and Habitat for Humanity in Sri Lanka, have benefited from a three-year relationship with the Group and are the Foundation’s key beneficiaries. UNICEF and the Ellen McArthur Cancer Trust are also partners to the Group given their long-standing relationship with FTSE and LCH.Clearnet.

LSEG partner charities and community outreach projects

Friendship Works
Friendship Works is currently supporting 160 vulnerable children and young people by providing them with a committed volunteer mentor to spend quality time with them. Through friendship, Friendship Work is helping children who are struggling with traumatic and complex issues to have joyful childhood experiences, navigate difficult teenage years and access opportunities to grow and develop into happier, fulfilled adults. Child development academics, social care practitioners and educational institutions all agree that the presence of a caring, non-judgemental, supportive adult makes a difference to the emotional and social development of a young person. A mother at the first six-month review said: “these first six months of friendship have made more of a difference to him than the past few years spent going to the local child mental health services”.

In-Presa
In-Presa support 375 kids, many of whom are referred by the social services, providing them with educational training and life skills. The objective of the charity is to realise the potential of the young people they help through work. Borsa Italiana hosts In-Presa’s beneficiaries at its offices on Foundation Fridays. Borsa Italiana employees have designed and deliver a half-day workshop that help the kids understand what an IPO is and how trading works. Other employees volunteer as mentors and tutors to make the kids feel at home. In 2014, 16 of In-Presa’s beneficiaries spent a day at Borsa Italiana.

UNICEF and the Ellen McArthur Cancer Trust are also partners to the Group given their long-standing relationship with FTSE and LCH.Clearnet.

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Over the next two years, the efforts of MillenniumIT volunteers, as they worked to re-house families in partnership with the LSEG Foundation and Habitat for Humanity, made a critical difference to two badly affected villages. And, with the completion of these first two phases, an even more ambitious third phase began.

When the LSEG Board visited the affected area, they saw many other houses on which work had stopped before they were properly finished. The Board immediately made a commitment, through the Foundation, to make these 261 houses fully habitable.

One noticeable aspect of the project was how much time and effort colleagues put into it. People gave up their weekends to go and work on-site. We also kept the villagers involved, discussing their needs and helping to safeguard their future by making sure they learned how to repair the houses. The help did not end with the houses. Colleagues also undertook many other initiatives, such as donating clothing, promoting financial literacy and providing vital support for a local primary school. We sent out an email asking for funds to buy books for the school – and had the amount we needed in just 24 hours.

Ellen’s involvement with young people recovering from cancer began shortly before the Vendée Globe, through a connection with a charity in France. “At first I was nervous,” she recalled, “but it was great – everything was about laughter.” And during the race, she drew strength from knowing that the children she had met were following her progress.

In 2003, she founded the Ellen MacArthur Cancer Trust, to do what she had seen its French counterpart doing: give youngsters their confidence back after cancer. The Trust brings people together on extended sailing trips, enabling them to experience the camaraderie of the sea. “It’s not just about sailing,” explained Ellen. “It’s about the family that’s created when you live on a boat. That’s something people really respond to.”

Among those behind the Trust is LCH.Clearnet, which became a supporter in 2012. In thanking the clearing house for its help, Ellen emphasised how much it means. “We get no government funding,” she said, “and even now we can only help 7% of eligible children. So LCH.Clearnet’s support makes a real difference.”

Ellen McArthur Cancer Trust: From circling the world to changing it
Most people would consider breaking the round-the-world sailing record, as Dame Ellen MacArthur did in 2005, the achievement of a lifetime. But as her recent Paternoster Series lecture thrillingly confirmed, Ellen is not ‘most people.’ Since retiring from sailing in 2010, she has taken her charity to a new level – and set her sights on transforming the global economy.

Ellen’s presence drew a capacity audience to the theatre at Paternoster Square, and they were not disappointed. In an hour-long speech and Q & A session, she expounded on both past adventures and future ambitions with an energy and fluency that took the breath away.
Pillar 4 – Our Communities continued

UNICEF Mozambique project
In 2012, FTSE began supporting a rainwater harvesting programme in Mozambique. The country is prone to a wide range of natural disasters relating to global environmental change, which regularly cause major damage and exacerbate poverty and vulnerability. Poor access to clean, safe water and sanitation is common during natural disasters and leaves children and women in particular, vulnerable to disease.

The Wisewater Management programme which FTSE is supporting provides rainwater harvesting tanks and pumps and also constructs deep boreholes equipped with hand pumps and solar water supply schemes, to give communities access to clean and safe water.

These will also be implemented in Child friendly schools, a UNICEF initiative that promotes improvements in such as creating separate sanitation facilities for girls and boys and taking a child-centred teaching approach, so children have a good education.

So far, as a result of this programme we have been able to help provide clean water to 18,000 pupils in 50 schools and 10,000 people living in catchment areas. Communities have also adopted the rainwater harvesting technology in semi-arid areas, where historically no successful drilling has been accomplished.

Part of the programme looks to improve the hygiene practices of students and community members. Hygiene promotion in schools helps children become positive agents of change in their families and communities.

To make this programme sustainable, people in the community are also trained to use the equipment. The active involvement of community members is particularly important, as the boreholes will also provide water for nearby communities as well as school children and teachers.

The Foundation supported the campaign as a donor. Through the generosity of Evening Standard and Independent readers, and the success of three charitable auctions, the Homeless Veterans Appeal has already raised a considerable sum. But while it is important to recognise this achievement, there is a great deal more to do. The Appeal embodies what should be an ongoing commitment to help those who once served us, but now need us to aid them.

UNICEF Mozambique project

FTSE and UNICEF providing rainwater harvesting equipment in Mozambique

Homeless Veterans campaign

For their annual charity campaign, the Evening Standard and Independent newspapers last Christmas launched the Homeless Veterans Appeal, to support vulnerable war veterans and ex-service personnel who have reached rock bottom and need help to get back on their feet and re-enter civilian life. It also explores the causes of homelessness, and our relationship with the military as a nation.

The Homeless Veterans Appeal supports two charities, which the Evening Standard and Independent newspapers have partnered with: ABF The Soldiers’ Charity, an umbrella, grant-giving organisation, and Veterans Aid, a smaller charity which provides direct assistance to veterans, including those who have found themselves on the streets or at risk of becoming homeless.

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Homeless Veterans campaign

Market Open ceremony for the Homeless Veterans campaign – 22 January 2015
Pillar 4 – Our Communities continued

Partnering with our clients for the fine arts
On the 20th anniversary of the Italian fixed income market, MOT, Borsa Italiana organised a gala dinner. The funds raised from customers were donated to the Foundation and then used to fund the restoration of a Renaissance painting by Titian, which is part of the Brera Art Museum's collection.

The Foundation matched the donation. In total, €90,000 was donated to the Museum to buy vital equipment for its restoration laboratory and to digitalise its collection. In this way, we have applied our corporate values of partnership and innovation beyond our way of conducting business.

The partnership with the Brera Museum represents an innovative model for sharing value across the private and public sectors, and for supporting sustainable growth in the country.

Community Relations at Russell Investments
Through corporate contributions and matching, personal contributions and volunteering, Russell Investments (Russell) and its employees make it a priority to respond to the needs in the communities in which they live and work around the world.

In 2014, Russell provided charitable sponsorships to over 30 organisations spanning the arts, education, civic engagement, and health and human services. The majority of Russell sponsorships are provided to organisations based in Washington State, where the firm is headquartered. Through the Community Relations department, $1.5 million was invested into the regions where associates live and work.

Corporate matching and volunteer rewards programme
In an effort to amplify associates’ support of the communities in which they live and work, Russell offers a matching gifts programme for its associates. Associates are able to make charitable contributions to qualified non-profit organisations and have the company match their gift dollar for dollar, up to U.S. $5,000 per year.

Volunteer hours are also matched at the rate of $10/hour, up to $500, which is in addition to the $5,000 limit for financial contributions.

Russell’s matching gifts programme is a vital part of our commitment to our community. Originally a benefit for U.S. associates, Russell has been able to increase its collective impact since the programme has expanded to all global associates in October 2014.

Annual Giving Campaign
Russell’s Annual Giving Campaign is an annual opportunity for associates to check in on their personal philanthropy, learn more about charitable causes, and highlight our collective community involvement throughout the year. Associates participate in multiple activities to raise money, get engaged with local causes and have fun with their colleagues.

This year’s campaign celebrated associate giving with an emphasis on community engagement. Reaching far beyond financial donations, Russell associates are taking unprecedented steps to affect real change in the community.

One of the events in the Seattle office included a breakfast and scavenger hunt for a 7-year-old Make-a-Wish recipient, ultimately sending the child and his family to Disney World. The event brought each floor of Russell’s Seattle office together as superheroes, Disney and Lego characters.

The Chicago office volunteered at the Ronald McDonald House, giving families a little sense of ‘home’ by baking cookies at the organisation. The New York office hosted a tea party, clothing and book drive to support one of Russell’s community partners, Nazareth Housing, while the Milwaukee office held a series of events from table tennis to their own chili contest and Day of Caring, in total raising $5,300 for the Make-A-Wish Foundation.

Throughout 2014, associates donated and matched over 3,150 volunteer hours, contributing $1.2 million spread between 500 community organisations.
Pillar 4 – Our Communities continued

II. Shareholder engagement

Our Investor Relations Programme

We engage with shareholders through an active investor relations (IR) programme, providing regular opportunity for contact with existing and potential shareholders, together with sell-side analysts who produce investment research on the Group. The IR programme includes meetings, calls, presentations and information releases on a regular basis throughout the year, based on the Group’s financial reporting calendar and following major corporate events and news flow. In addition to information on financial and operational performance, we engage with shareholders and relevant shareholder advisory agencies on ESG matters.

The IR function, reports to the CFO and is responsible for planning and executing the IR programme and day-to-day contact with the market. The CEO and CFO typically engage with investors through meetings and presentations, to discuss strategy, performance and other matters. The Chairman, Senior Independent Director and Chairman of the Remuneration Committee are also available to meet major investors, particularly to discuss corporate governance and remuneration, as required. During the nine month period covered by this report, senior management and the IR team held 254 meetings and calls with shareholders and potential investors from around the world.

The Board receives a report on IR matters at each of its scheduled meetings, including market expectations of financial performance, share register composition and feedback from major investors. Sell-side analyst research notes are circulated to the Board following publication. The Group’s corporate brokers and a specialist IR advisory firm provide the Board with advice on market sentiment, shareholder relations and share register analysis. The Company’s annual general meeting (AGM) provides the opportunity for all shareholders to meet Directors and to put questions to the Board, and the procedures for the AGM comply with the UK Corporate Governance Code. Voting at the AGM is by way of a poll, to ensure all shareholders’ views are taken into account.

The IR section of the Group’s website, www.lseg.com, is the primary source of regularly updated information about the Group. Annual and interim reports and accounts, interim management statements, news releases, presentations and other documents are available on the website, together with a list of analysts producing research on the Company and a summary of analysts’ forecasts of performance. Presentations of preliminary and interim results are accessible by all shareholders via webcasts in real time and also via replay for a period after the event.

Our external recognition

The Group’s ESG practices are measured and assessed by a variety of assessment and index providers. Due to relatively strong ESG assessments, LSEG is included in a number of sustainability indices. These assessments provide useful input to benchmark against global best practices and to plan for improvements in our sustainability approach.

MEMBER OF

Dow Jones Sustainability Indices

In Collaboration with RobecoSAM

Dow Jones Sustainability Index Europe

— The Dow Jones Sustainability Index series aims to track the stock performance of the world’s leading companies in terms of economic, environmental and social criteria.
— The Group’s overall score has improved, moving from the 73rd percentile in 2013 to the 84th percentile in 2014, thus confirming our inclusion in the Dow Jones Sustainability Index Europe. Our overall score was substantially higher than the sector average.
— Thanks to this result, the Group was also included in the 2015 Robeco SAM Sustainability Yearbook, available on their website.

London Stock Exchange Group Dow Jones Sustainability assessment results, 2014

<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>62</td>
<td>84</td>
<td>45</td>
</tr>
<tr>
<td>Economic dimension</td>
<td>73</td>
<td>85</td>
<td>59</td>
</tr>
<tr>
<td>Environmental</td>
<td>75</td>
<td>93</td>
<td>37</td>
</tr>
<tr>
<td>Social dimension</td>
<td>40</td>
<td>68</td>
<td>35</td>
</tr>
</tbody>
</table>

Global 100 Most Sustainable Corporations in the World

Now in its 11th year, the Global 100 Most Sustainable Corporations in the World (“The Global 100”) is announced every year at the World Economic Forum in Davos, Switzerland.

LSEG was 88th in Corporate Knight’s Global 100 for 2014, down from 81st in 2013. The list is selected from a starting universe of 4,000 large-cap companies.
Pillar 4 – Our Communities continued

FTSE4Good

Created by FTSE Group, FTSE4Good is an equity index series designed to identify companies that meet globally recognised ESG standards. During 2014, FTSE implemented a revised methodology for the FTSE ESG Ratings.

LSEG has been assessed according to the FTSE4Good criteria, and satisfied the requirements to be a constituent of the FTSE4Good Index Series. This was confirmed by the FTSE4Good Advisory Committee at its September 2014 review.

Since FTSE was applying the FTSE ESG Ratings to its parent company, additional independence and controls were put in place. A third party was commissioned to review LSEG against the FTSE ESG criteria, with differences in the assessment brought before the independent FTSE4Good Advisory Committee.

At the September 2014 review, the Group significantly improved its FTSE ESG Rating, moving from 3.5 (out of 5) in 2013 to 4.2 in 2014. An analysis of our score is shown in the table opposite.
Pillar 4 – Our Communities continued

III. Environmental management

Emission management

We are proactively improving our 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 around the world, from staff travel, and indirectly from our supply chain (please see page 32 for details on emissions and targets).

We take an active approach to emissions management, with our Environmental Management Group (EMG) accurately measuring GHG impacts across our global property portfolio. The EMG reports performance quarterly via our Intranet and annually discloses our verified emissions on our website, in our CR and Annual reports and in our responses to the CDP, DJSI, and FTSE ESG.

During the reporting period, we achieved a 5.5% reduction in our overall carbon emissions, and a 1.66% absolute reduction of CO2e. Water consumption reduced by 18% and waste production was down 14% as we achieved a 90% recycling rate. We installed 14 new video conferencing facilities in our London offices during 2014, as conferencing rose by 312%. Carbon from flights has risen by 16%, primarily due to the acquisition of Russell Group, though the rise in both video conferencing and air travel reflects the rapid growth of the business overall. See page 32 for more information on our environmental performance.

Supply Chain

The third parties we select to do business with reflect on our brand, corporate values and reputation. We therefore seek to do business with suppliers who share our values.

To enhance our focus on environmentally friendly sourcing, we have introduced a Supplier Code of Conduct. This will help us protect human and labour rights, and achieve environmentally responsible practices. The Code is included as part of our selection criteria for future suppliers, and we are approaching our current critical suppliers to sign up to it.

We also have a number of environmentally friendly sourcing programmes. For example, we insist on the environmentally responsible disposal of our technology hardware.

Green Week 2014 – Bee Resourceful

Our annual employee Green Week continues to be a key driver in improving the Group’s environmental performance.

This year’s global ‘Bee Resourceful’ theme was our most popular to date. Highlights included bike surgeries, repair workshops and a refresh of the City Bike Programme in Milan. The Pedometer Challenge rewarded taking steps to live a healthier lifestyle, but the involvement of charity partner, The Golden Company stood out the most.

The Golden Company works with young people to improve employability through engagement with nature and enterprise. Their involvement in Green Week was particularly pertinent, as the team who manage the bee colonies on the rooftops of LSEG’s Paternoster Square offices spent time with LSEG staff, highlighting how stock exchanges and beehives work in similar ways.

LSEG supported the Milan City Bike scheme during Green Week in October 2014
Part 2
Our Overall CR Performance
Methodology overview

LSEG is a member of the Sustainable Stock Exchanges Initiative and FTSE is a founding member of the UN-backed Principles for Responsible Investment. This, along with our work with investors and companies around the world, means we appreciate the importance of reporting ESG data that is reliable, consistent and comparable. Divergent approaches and standards are a key challenge for investors wanting to use this data and for companies wishing to provide best practice reporting, as are the range of data requests made by third parties.

We are determined to help catalyse alignment and consensus around globally applicable standards, through FTSE’s work in its ESG services and through our work in supporting listed companies.

In advocating such a position, it is appropriate that we reflect best practice in our own reporting. Last year we provided a baseline, which we are enhancing over time. This year we have drawn from the GRI indicators, together with relevant ESG data points that FTSE has developed. We have applied a materiality assessment to these, to identify which are most relevant and meaningful for LSEG’s business.

In addition to FTSE’s ESG Ratings, we are also reviewing other ESG ratings methodologies to determine any additional measures we should report each year. As can be seen in the ‘Our Markets’ section, we are also reviewing the Sustainability Accounting Standards Board indicators and are reporting on some of them.

The following sections outline an initial set of indicators, divided across Environmental, Social and Governance areas, which we will build on over time.

“WE NEED TO PRACTICE WHAT WE PREACH. AS WE SET STANDARDS THAT ENCOURAGE OTHER COMPANIES TO IMPROVE THEIR DISCLOSURE, WE MUST DO SO TOO”

David Harris
Director FTSE ESG
Environment

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

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

We have global offices hosting 4,656 employees. We also have global data centres, supporting the technology infrastructure of our markets and those of our clients. The reporting period was the Group’s first step in setting and reporting against environmental targets and we achieved our aim of 5% reductions in most indicators. Our progress against each indicator is outlined in the tables on the following pages.

Managing our environmental impact

Our Environmental Management Group (EMG) guides the Group’s environmental strategy, including setting Group-wide targets and managing the risks and opportunities arising from climate change.

The EMG is responsible for managing and continually improving the environmental performance of the Group’s global property portfolio, 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.

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

Group reporting boundaries

LSEG uses the ‘Operational Control’ boundary for its GHG and environmental reporting. An organisation has operational control if its subsidiaries have the full authority to introduce and implement its operating policies at the operation, including health, safety and environmental policies.

This approach accounts for 100% of emissions from facilities, operations, and vehicles (whether leased or owned) for which LSEG has operational control. The operational control approach is most reflective of our overall business operations.

Frank Russell Company sites are not included in this year’s reporting as the company was only acquired by LSEG on 3 December. The data from these sites will be included in Group reporting from 2015 onwards.

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

Highlights

CDP
Recognised in the Carbon Disclosure Project (CDP) Carbon Disclosure Leadership Index

Awarded
The Chairman’s Cup in the London Clean City Awards

Supplier code of conduct
Established a supplier code of conduct, which includes environmental performance criteria

5.5%
Reduction in our overall carbon footprint per FTE (21.6% reduction per £m revenue) and 1.66% lower in absolute terms

18%
Reduction in water consumption

90%
Achieved a 90% recycling rate across the Group and a 14% reduction in total waste production

312%
Increase in video conferencing
Our environmental performance

During the reporting period, we achieved a 5.5% reduction in our overall Carbon Emissions, and a 1.66% absolute reduction of CO$_2$e. Water consumption reduced by 18% and waste production was down 14% as we achieved a 90% recycling rate.

We installed 14 new video conferencing facilities in our London offices during 2014, as conferencing rose by 312%. Carbon from flights has risen by 16%, primarily due to the acquisition of Russell Group, though the rise in both VC and air travel reflects the rapid growth of the business overall.

Please refer to page 28 for a description of our environmental management. A more complex breakdown of our performance during the shorter 9 month reporting period is outlined in the tables on pages 33-34.

We continue to improve our data sourcing and footprint methodology across the Group, and have verified our Scope 3 Travel, Water and UK Waste emissions for the reporting period, in addition to full Scope 1 and 2 emissions.

2015 Targets against previous year

<table>
<thead>
<tr>
<th>All environmental impacts ↓ 20% 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carbon emissions ↓ 5% (tCO$_2$e/FTE/£m Revenue)</td>
</tr>
<tr>
<td>Office energy use ↓ 5% (tCO$_2$e/FTE)</td>
</tr>
<tr>
<td>Data centre energy use ↓ 5% (tCO$_2$e/Occupied Cabinet £m Revenue)</td>
</tr>
<tr>
<td>Water consumption ↓ 5% (m3/FTE/£m Revenue)</td>
</tr>
<tr>
<td>Waste production ↓ 5%</td>
</tr>
<tr>
<td>Video conferencing ↑ 20% (Conference Hours/FTE)</td>
</tr>
<tr>
<td>Paper Consumption: Develop measurement capability to set target in 2016</td>
</tr>
</tbody>
</table>

2020 Targets against 2013 baseline.

2015 – 2020 Targets

Our 2015 targets are outlined in the table opposite, and we are aiming towards a 20% reduction in all environmental aspects by 2020 relative to Group revenue.

We continue to improve our data sourcing and footprint methodology across the Group, and have verified our Scope 3 Travel, Water and UK Waste emissions for the reporting period, in addition to full Scope 1 and 2 emissions.
**Environment continued**

### METHODOLOGY AND VERIFICATION

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

The April to December 2014 Scope 1, 2 and 3 emissions disclosed here and in the Directors’ and Strategic Reports have been externally verified by SGS against the requirements of the WRI/WBSCD GHG Protocol—Corporate Accounting and Reporting Standard. Conduct of the verification met the requirements of ISO 14064-3:2006. Full details and verification statement are available on our website.


---

**Group April – December 2014 performance against targets**

<table>
<thead>
<tr>
<th>Disclosure</th>
<th>Indicator</th>
<th>Unit</th>
<th>tCO$_2$e Apr – Dec 2013</th>
<th>tCO$_2$e Apr – Dec 2014</th>
<th>% Change</th>
<th>Target</th>
<th>Performance Against Target Apr – Dec 2014 Target</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carbon footprint</td>
<td>Total Group carbon footprint</td>
<td>per m$^2$</td>
<td>20,340</td>
<td>20,011</td>
<td>-1.66%</td>
<td>5%</td>
<td>5.54% tCO$_2$e per FTE</td>
<td>21.58% tCO$_2$e per Em Revenue</td>
</tr>
<tr>
<td></td>
<td></td>
<td>per m$^2$</td>
<td>5.42</td>
<td>5.12</td>
<td>-5.54%</td>
<td>5% tCO$_2$e per Em Revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>per Em Revenue</td>
<td>814</td>
<td>635</td>
<td>-21.93%</td>
<td>5% tCO$_2$e per Em Revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Scope 1</td>
<td>per Em Revenue</td>
<td>16,736</td>
<td>15,862</td>
<td>-5.22%</td>
<td>5% tCO$_2$e per Em Revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Scope 2</td>
<td>per Em Revenue</td>
<td>2,790</td>
<td>3,504</td>
<td>25.59%</td>
<td>5% tCO$_2$e per Em Revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Scope 3</td>
<td>% Change</td>
<td>-1.66%</td>
<td>-2.08%</td>
<td>-5.54%</td>
<td>-21.58%</td>
<td>-21.93%</td>
<td>-5.22%</td>
</tr>
</tbody>
</table>

**Data centre energy**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>tCO$_2$e Apr – Dec 2013</th>
<th>tCO$_2$e Apr – Dec 2014</th>
<th>% Change</th>
<th>Target</th>
<th>Performance Against Target Apr – Dec 2014 Target</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity (kWh)</td>
<td>22,382,213</td>
<td>9,865</td>
<td>21,987,869</td>
<td>9,684</td>
<td>-1.83%</td>
<td>5%</td>
<td>5.67% tCO$_2$e per FTE</td>
</tr>
<tr>
<td>Natural gas (KWh)</td>
<td>864,174</td>
<td>159</td>
<td>632,447</td>
<td>116</td>
<td>-27.04%</td>
<td>5%</td>
<td>6.94% tCO$_2$e per FTE</td>
</tr>
<tr>
<td>Diesel (litres)</td>
<td>30,912</td>
<td>83</td>
<td>43,008</td>
<td>115</td>
<td>38.55%</td>
<td>5%</td>
<td>5% tCO$_2$e per Em Revenue</td>
</tr>
<tr>
<td>Total tCO$_2$e per m$^2$</td>
<td>10,107</td>
<td>1,03</td>
<td>9,915</td>
<td>101</td>
<td>-5.67%</td>
<td>5%</td>
<td>5% tCO$_2$e per Em Revenue</td>
</tr>
<tr>
<td>per Em Revenue</td>
<td>13,02</td>
<td>10,19</td>
<td>-21.76%</td>
<td>5% tCO$_2$e per Em Revenue</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Office space energy**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>tCO$_2$e Apr – Dec 2013</th>
<th>tCO$_2$e Apr – Dec 2014</th>
<th>% Change</th>
<th>Target</th>
<th>Performance Against Target Apr – Dec 2014 Target</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity (kWh)</td>
<td>13,290,393</td>
<td>4,603</td>
<td>13,297,055</td>
<td>4630</td>
<td>0.59%</td>
<td>5%</td>
<td>6.94% tCO$_2$e per FTE</td>
</tr>
<tr>
<td>Natural gas (KWh)</td>
<td>1,026,892</td>
<td>19</td>
<td>888,824</td>
<td>164</td>
<td>-13.23%</td>
<td>5%</td>
<td>5% tCO$_2$e per FTE</td>
</tr>
<tr>
<td>LPG (KWh)</td>
<td>96,893</td>
<td>22</td>
<td>82,277</td>
<td>19</td>
<td>-15.08%</td>
<td>5%</td>
<td>5% tCO$_2$e per FTE</td>
</tr>
<tr>
<td>Diesel (litres)</td>
<td>22,017</td>
<td>19</td>
<td>118</td>
<td>59</td>
<td>-1.90%</td>
<td>5%</td>
<td>5% tCO$_2$e per FTE</td>
</tr>
<tr>
<td>TOTAL per FTE</td>
<td>14,436,195</td>
<td>4,873</td>
<td>14,312,231</td>
<td>9,931</td>
<td>1.18%</td>
<td>5%</td>
<td>5% tCO$_2$e per FTE</td>
</tr>
<tr>
<td>Energy use from renewable sources</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>13%</td>
<td>13%</td>
<td>0%</td>
<td>13%</td>
<td>0%</td>
<td>13%</td>
</tr>
</tbody>
</table>

**Water (m$^3$)**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>tCO$_2$e Apr – Dec 2013</th>
<th>tCO$_2$e Apr – Dec 2014</th>
<th>% Change</th>
<th>Target</th>
<th>Performance Against Target Apr – Dec 2014 Target</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data Centre per m$^2$</td>
<td>25,946</td>
<td>9</td>
<td>27,194</td>
<td>9</td>
<td>4.82%</td>
<td>5%</td>
<td>4.82% m$^3$ per Em Revenue</td>
</tr>
<tr>
<td>Office Space per FTE</td>
<td>2.81</td>
<td>2.83</td>
<td>0.83%</td>
<td>0.83%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>40,776</td>
<td>14</td>
<td>27,271</td>
<td>9</td>
<td>-31.14%</td>
<td>5%</td>
<td>5% m$^3$ per Em Revenue</td>
</tr>
<tr>
<td>per Em Revenue</td>
<td>12</td>
<td>7</td>
<td>-38.46%</td>
<td>5%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>66,725</td>
<td>23</td>
<td>54,668</td>
<td>19</td>
<td>-18.38%</td>
<td>5%</td>
<td>5% m$^3$ per Em Revenue</td>
</tr>
<tr>
<td>per Em Revenue</td>
<td>85.95</td>
<td>55.96</td>
<td>-34.90%</td>
<td>5%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Waste (tonnes)**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>tCO$_2$e Apr – Dec 2013</th>
<th>tCO$_2$e Apr – Dec 2014</th>
<th>% Change</th>
<th>Target</th>
<th>Performance Against Target Apr – Dec 2014 Target</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Waste Produced</td>
<td>329</td>
<td>7.45</td>
<td>282</td>
<td>6.44</td>
<td>-14.29%</td>
<td>Zero Waste to Landfill</td>
<td>90% Recycling Rate</td>
</tr>
<tr>
<td>Total Waste Recycled</td>
<td>291</td>
<td>261</td>
<td>-10.31%</td>
<td>92.50%</td>
<td>Zero Waste to Landfill</td>
<td>92.5% Recycling Rate</td>
<td></td>
</tr>
<tr>
<td>Paper &amp; Cardboard</td>
<td>52.7</td>
<td>44.3</td>
<td>-15.94%</td>
<td>92.50%</td>
<td>Zero Waste to Landfill</td>
<td>92.5% Recycling Rate</td>
<td></td>
</tr>
<tr>
<td>Plastics</td>
<td>1.04</td>
<td>1.36</td>
<td>-30.77%</td>
<td>92.50%</td>
<td>Zero Waste to Landfill</td>
<td>92.5% Recycling Rate</td>
<td></td>
</tr>
<tr>
<td>Glass</td>
<td>13.3</td>
<td>16.6</td>
<td>24.81%</td>
<td>92.50%</td>
<td>Zero Waste to Landfill</td>
<td>92.5% Recycling Rate</td>
<td></td>
</tr>
<tr>
<td>Mixed Recycling</td>
<td>200</td>
<td>174</td>
<td>-13.00%</td>
<td>92.50%</td>
<td>Zero Waste to Landfill</td>
<td>92.5% Recycling Rate</td>
<td></td>
</tr>
<tr>
<td>Recycling %</td>
<td>88.45%</td>
<td>92.50%</td>
<td>4.58%</td>
<td>92.50%</td>
<td>Zero Waste to Landfill</td>
<td>92.5% Recycling Rate</td>
<td></td>
</tr>
</tbody>
</table>

* Achieved on all sites except Rome: where we are working with our suppliers for a solution.
### Environment continued

#### Group April – December 2014 performance against targets

<table>
<thead>
<tr>
<th>Disclosure</th>
<th>Indicator</th>
<th>Apr – Dec 2013</th>
<th>Apr – Dec 2014</th>
<th>% Change</th>
<th>Performance Against Target Apr – Dec 2014 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fugitive Emissions</td>
<td>Emissions from Aircon &amp; Refrigeration</td>
<td>54.8</td>
<td>13.3</td>
<td>-75.73%</td>
<td>Up 16.34 tCO₂ e per FTE *</td>
</tr>
<tr>
<td>Air Travel (km)</td>
<td>Long Haul</td>
<td>10,620,685</td>
<td>14,300,782</td>
<td>28.63%</td>
<td>Down 5% tCO₂ e per FTE</td>
</tr>
<tr>
<td></td>
<td>Short Haul</td>
<td>3,095,093</td>
<td>3,433,647</td>
<td>11.15%</td>
<td>Up 312% Video Conference Hours Per FTE</td>
</tr>
<tr>
<td></td>
<td>Domestic</td>
<td>1,052,270</td>
<td>1,304,428</td>
<td>23.96%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>14,768,048</td>
<td>19,038,884</td>
<td>26.40%</td>
<td>Up 20% Video Conference Hours Per FTE</td>
</tr>
<tr>
<td></td>
<td>per FTE</td>
<td>0.81</td>
<td>0.95</td>
<td>16.34%</td>
<td></td>
</tr>
</tbody>
</table>

Note:
1. Extrapolations - Carbon: 1.8%, Water: 4.7%
2. per FTE calculations are excluding tenant area consumption.
3. Scope 1 includes combustion of fuel and operation of facilities including natural gas, diesel, LPG and fleet vehicles.
4. Scope 2 is purchase of electricity by the Group for its own use (The Group does not purchase heat, steam or cooling).
5. Scope 3 includes emissions from air travel, waste and water.
6. Waste and recycling figures are only for UK and Italy where accurate data is available.

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#### Paper Consumption

- Introduce Sustainable Procurement into Procurement policy to understand supply chain practices and impacts.
- Introduce Sustainability criteria into Projects and Refurbishment policies.
- Introduced a Supplier Code of Conduct for environmentally responsible practices.
- The Code is included as part of our selection criteria for future suppliers, and we are approaching our critical and strategic suppliers to sign up to the Code. Sustainability criteria are now included in Project and Refurbishment policies as part of the Supplier Code of Conduct.

---

Note:
- Extrapolations - Carbon: 1.8%, Water: 4.7%
- per FTE calculations are excluding tenant area consumption.
- Scope 1 includes combustion of fuel and operation of facilities including natural gas, diesel, LPG and fleet vehicles.
- Scope 2 is purchase of electricity by the Group for its own use (The Group does not purchase heat, steam or cooling).
- Scope 3 includes emissions from air travel, waste and water.
- Waste and recycling figures are only for UK and Italy where accurate data is available.
## Employee consultation practices

The Group believes in maintaining well-developed communication and consultation practices with all employee representative bodies. In Italy and France all employees are covered by collective bargaining agreements and over the reporting period the Group has extensively engaged with trade unions and Works Councils (please see Our People section for statistics).

In the UK, we have established Colleague Forums as the key channel for employee relations. The Colleague Forums are made up of employees from our business functions allow employees to discuss issues with management related to our UK employees and business, such as strategy, objectives, performance building and planning, as well as people and career development. They are also an important forum for discussing proposed organisational changes. Finally, they enable employees to provide valuable feedback to senior management, helping shape the future of the Group.

<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></td>
</tr>
<tr>
<td>Total</td>
<td>4,656</td>
<td>100</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>1,502</td>
<td>32 (46)</td>
</tr>
<tr>
<td>United States of America</td>
<td>1,308</td>
<td>28 (46)</td>
</tr>
<tr>
<td>France</td>
<td>169</td>
<td>4 (7)</td>
</tr>
<tr>
<td>Italy</td>
<td>546</td>
<td>12 (18)</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>670</td>
<td>14 (24)</td>
</tr>
<tr>
<td>Other</td>
<td>461</td>
<td>10 (5)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,656</strong></td>
<td><strong>100</strong></td>
</tr>
<tr>
<td>Employment</td>
<td>Employees by contract type:</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>4,656</td>
<td>100</td>
</tr>
<tr>
<td>Full-time</td>
<td>4,328</td>
<td>93 (94)</td>
</tr>
<tr>
<td>Part-time</td>
<td>116</td>
<td>2 (3)</td>
</tr>
<tr>
<td>Fixed-term</td>
<td>212</td>
<td>5 (3)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,656</strong></td>
<td><strong>100</strong></td>
</tr>
<tr>
<td>Health and safety</td>
<td>Employees covered by collective bargaining agreements:</td>
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</tr>
<tr>
<td>Total</td>
<td>4,656</td>
<td>100</td>
</tr>
<tr>
<td>Staff voluntary turnover</td>
<td>15% (25%)</td>
<td></td>
</tr>
<tr>
<td>8.02% (11.9%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training and education</td>
<td>Employees receiving regular performance and career development reviews:</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>100% (100%)</td>
<td></td>
</tr>
</tbody>
</table>

*Any workplace health and safety incidents involving an LSEG employee that has been reported to state or country*

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 above 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 table above and on page 36 summarises our social disclosure, based on FTSE4Good and GRI principles.
Sourcing suppliers sustainably

The relationship between LSEG and our suppliers is an important component in maintaining our unique role at the heart of the world’s financial community. We have a responsibility to ensure that the third parties we choose to do business with, and the manner in which they do business, reflect positively on our brand and corporate values.

In October 2014, we issued our first Supplier Code of Conduct, underpinned by our core values: (see page 39) and Employee Code of Conduct. In addition to our values, the code sets requirements for our suppliers in three main areas:

1. Environmental management: we expect our suppliers to collaborate with us to achieve our environmental goals, comply with all applicable laws and strive for best practice.
2. Human and Social Rights: we expect our suppliers to comply with applicable employment laws and to support the protection of human rights, wherever they operate in the world.
3. Diversity and Inclusion: we expect our suppliers to support a policy of equality and non-discrimination in acting on our behalf but also in all aspects of their own operations.

The code can be accessed at www.lseg.com.

We are committed to establishing mutually beneficial relations with our suppliers and business partners and we honour and enforce the terms of the contracts to which we commit. London Stock Exchange plc is a signatory of the UK Prompt Payment Code. For more information please visit the Prompt Payment Code website.

<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>1,520</td>
</tr>
<tr>
<td></td>
<td>United States of America</td>
<td>1,308</td>
</tr>
<tr>
<td></td>
<td>France</td>
<td>169</td>
</tr>
<tr>
<td></td>
<td>Italy</td>
<td>546</td>
</tr>
<tr>
<td></td>
<td>Sri Lanka</td>
<td>670</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>461</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>4,656</td>
</tr>
<tr>
<td></td>
<td>Group by gender and organisational level:</td>
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</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
</tr>
<tr>
<td></td>
<td>LSEG plc Board1</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td>LSEG Subsidiary Boards123</td>
<td>103</td>
</tr>
<tr>
<td></td>
<td>ExCo and Leadership Teams123</td>
<td>59</td>
</tr>
<tr>
<td></td>
<td>All staff</td>
<td>4,597</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>4,656</td>
</tr>
<tr>
<td></td>
<td>Employees by age group:</td>
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</tr>
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<td></td>
<td>Total</td>
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</tr>
<tr>
<td></td>
<td>Under 30 years</td>
<td>941</td>
</tr>
<tr>
<td></td>
<td>30 – 50 years</td>
<td>3,067</td>
</tr>
<tr>
<td></td>
<td>Over 50 years</td>
<td>648</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>4,656</td>
</tr>
</tbody>
</table>

Non-discrimination

<table>
<thead>
<tr>
<th>Disclosure</th>
<th>Indicator</th>
<th>Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-discrimination</td>
<td>Total number of incidents of discrimination</td>
<td>0 (0)</td>
</tr>
<tr>
<td></td>
<td>and actions taken:</td>
<td></td>
</tr>
</tbody>
</table>
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, we need to foster confidence in our markets and services.

What we believe and how we act is summarised by our four core values and behaviours: Integrity, Partnership, Innovation and Excellence.*

*Efficiency at LCH.Clearnet

Given the increased 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.

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.

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Integrity

My word is my bond

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

We 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.

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 our markets and services are constantly developing and evolving with advances in technology.

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, we will sustain industry-leading levels of excellence, setting the benchmarks that inspire ever-better performance.
The table below summaries 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>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>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>
<td></td>
</tr>
<tr>
<td>Organisation scale</td>
<td></td>
<td>At the end of the reporting period we had 4,656 employees.</td>
</tr>
<tr>
<td>Significant changes during the reporting period regarding size, structure, or ownership</td>
<td>We acquired Frank Russell Company on 3rd December 2014. The significant shareholders of LSEG remain unchanged.</td>
<td></td>
</tr>
<tr>
<td>Awards received in the reporting period</td>
<td></td>
<td>A summary of the external recognition we have received for our sustainability initiatives can be found on page 26.</td>
</tr>
<tr>
<td>Support for ESG</td>
<td></td>
<td>The Group supports and works with a number of organisations that encourage sustainability, including the CDP, the UN backed Sustainable Stock Exchange Initiative, the Principles for Responsible Investment (PRI), UKSIF, EuroSIF, US SIF, Japan SIF, ASRIA, ICGN, RIIA 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 period 1 April to 31 December 2014. Our previous report covers the 12 month period to 31 March 2014. This is due to a change to our financial year end.
| | | Full details of our reporting calendar for the upcoming financial year can be found on our Investor Relations Section of our website.
| | | 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, as described in the Environment section on page 33.

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 on page 64.
| Risk management | A full list of our principal risks and details of our system of risk management and internal control can be found in the Annual Report on pages 54 and 50.
| Remuneration | A full summary of compensation and remuneration within the Group can be found in the Directors’ Report on Remuneration within the Annual Report on page 80.
| 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 on pages 8 and 18.</td>
</tr>
<tr>
<td></td>
<td>Core values</td>
<td>Our four core value pillars are Integrity, Partnership, Innovation and Excellence. More about this can be found on page 37.</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></td>
<td>Policies</td>
<td>We have a number of internal and public policies. These include: Anti-bribery and corruption Business continuity management Business protection and physical security Capital management Conflicts of interest Confidentiality Corporate responsibility Data protection and security Disclosure Diversity Employee information security Employee practices Financial crime and money laundering Grievance reporting Health and safety IT operations Media and communications New products (market) Outsourcing Procurement Project management Supplier code of conduct Taxation Travel Treasury Whistleblowing</td>
</tr>
</tbody>
</table>
### Governance continued

<table>
<thead>
<tr>
<th>Disclosure</th>
<th>Indicator</th>
<th>Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Monitoring procedures</td>
<td>Details of our internal audit reviews are included in the Our People section of this 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.</td>
</tr>
<tr>
<td></td>
<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 28 for more detail).</td>
</tr>
<tr>
<td></td>
<td>Client engagement in ESG issues</td>
<td>We encourage our customers to engage with sustainability issues, such as through the UK Stewardship Code.</td>
</tr>
<tr>
<td></td>
<td>Supplier engagement in ESG issues</td>
<td>Our Procurement Policy also encourages our suppliers to act in accordance with our Supplier Code of Conduct, incorporating human rights, environmental, diversity and inclusion elements.</td>
</tr>
<tr>
<td>Corruption</td>
<td>Percentage and total number of business units analysed for risks related to corruption</td>
<td>All business areas are analysed for risks related to corruption as stated in our anti-corruption policy.</td>
</tr>
<tr>
<td></td>
<td>Percentage of employees trained in the organisation’s anti-corruption policies and procedures</td>
<td>All employees receive training in our anti-corruption policies and procedures.</td>
</tr>
<tr>
<td></td>
<td>Actions taken in response to incidents of corruption</td>
<td>The Group has had no incidents of corruption within the reporting period.</td>
</tr>
<tr>
<td>Anti-competitive behaviour</td>
<td>Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes</td>
<td>The group has had no legal actions in these areas within the reporting period.</td>
</tr>
</tbody>
</table>
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:

<table>
<thead>
<tr>
<th>Our Markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>— Use new channels to communicate with issuers and promote non-financial disclosure and dialogue with long term investors, as a governance and market quality element and also in view of the implementation of the EU non-financial reporting directive.</td>
</tr>
<tr>
<td>— Continue building sustainable growth into the SME and Cleantech spaces, further engaging investors.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Our Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>— Develop and further enhance FTSE’s Environmental, Social and Governance, and Low Carbon Economy services.</td>
</tr>
<tr>
<td>— Roll out the Academy education programmes, including e-learning platforms to universities and business schools.</td>
</tr>
<tr>
<td>— Drive cost and capital efficiencies through partnering with and supporting market participants with their post trade activity.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Our People</th>
</tr>
</thead>
<tbody>
<tr>
<td>— Deploy Group programmes aimed at improving the engagement of our staff.</td>
</tr>
<tr>
<td>— Scale up our diversity and social inclusion programmes (including gender).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Our Communities</th>
</tr>
</thead>
<tbody>
<tr>
<td>— Develop a Group framework for charitable giving and staff community involvement.</td>
</tr>
<tr>
<td>— Continue to work to meet our environmental targets.</td>
</tr>
</tbody>
</table>

Within each of the pillars, we are also developing strategic plans and priorities for improving sustainability as a Group.
## Business Strategy

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>How does your exchange define and view the rationale for corporate sustainability and the exchange’s role in promoting it?</td>
<td>Our CR strategy on page 4 demonstrates our rationale for corporate sustainability and our role in promoting it. This is highlighted at the start of ‘Our Markets’ on page 8 and ‘Our Services’ on page 13.</td>
</tr>
<tr>
<td>How does your exchange’s senior leadership and organisational structure support the promotion of corporate sustainability in its market(s)?</td>
<td>Our CR strategy is developed and reviewed by our ExCo and Board respectively. See more detail on page 5 where we set out the four pillars we adopt and the different business leaders responsible for each.</td>
</tr>
<tr>
<td>What goals/objectives does your exchange have in regards to advancing sustainability in your market?</td>
<td>Two of the pillars are particularly relevant here; ‘Our Markets’ and ‘Our Services’. Please see more details on page 8-16 and our ‘looking ahead’ is on page 42.</td>
</tr>
</tbody>
</table>

## Transparency and Issuer Reporting

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Describe your exchange’s approach to promoting sustainability disclosure by companies.</td>
<td>We cover this across both ‘Our Markets’ and ‘Our Services’ pillars. We encourage best practice disclosure in two key ways. Firstly, FTSE’s ESG services and the associated FTSE4Good Index family set standard for ESG disclosure globally. Second, we support a variety of events to promote best practice ESG disclosure for companies listed on our markets. Please see further details on page 14.</td>
</tr>
<tr>
<td>What is your exchange’s process for reviewing listing standards in general? Are there opportunities for stakeholders to comment during this process?</td>
<td>The UKLA is responsible for listing standards in the UK not the London Stock Exchange.</td>
</tr>
<tr>
<td>How do you track sustainability reporting of your listed companies?</td>
<td>There are two ways, one internal and one external. Internally, the FTSE ESG service tracks the level of ESG disclosure for our markets and for other markets around the world. Externally, we review our progress against Corporate Knights exchange rankings for sustainability disclosure. This is highlighted on page 8. FTSE assesses ESG disclosure and performance of companies globally and provides this analysis to investors around the world. This data is also used to construct the FTSE4Good Index Series, which highlights companies that meet good practice standards. FTSE also works with other exchanges across developed and emerging markets to offer local FTSE4Good and ESG indices. More information can be found on page 27.</td>
</tr>
<tr>
<td>What incentives (i.e., public recognition/awards) and sanctions do you have in place to encourage disclosure and discourage non-compliance/lower levels of transparency?</td>
<td>FTSE assesses ESG disclosure and performance of companies globally and provides this analysis to investors around the world. This data is also used to construct the FTSE4Good Index Series, which highlights companies that meet good practice standards. FTSE also works with other exchanges across developed and emerging markets to offer local FTSE4Good and ESG indices. More information can be found on page 27.</td>
</tr>
<tr>
<td>What connections have you made between national sustainable development frameworks and goals, and your exchange’s existing standards and norms?</td>
<td>Please see the paragraph on the EU directive on non-financial reporting on page 9.</td>
</tr>
</tbody>
</table>
### Appendix continued

#### Progress on our commitments as a member of the UN Sustainable Stock Exchange (SSE) Initiative

<table>
<thead>
<tr>
<th><strong>Issuer Capacity Building</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>If your exchange offers sustainability guidance for companies, please provide a description of the process for its creation.</td>
<td>LSEG intends to play a lead role developing the UN Sustainable Stock Exchange Model Guidance on sustainability reporting.</td>
</tr>
<tr>
<td>Do you and/or your regulator provide guidance on externally assuring ESG disclosures? In your market, how common is external assurance of ESG disclosures?</td>
<td>Neither LSEG nor the listing authorities currently provide this type of guidance.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Collaboration and Engagement</strong></th>
<th></th>
</tr>
</thead>
</table>
| How do you engage and collaborate (or plan to do so) with: regulators, peer exchanges, investors, companies, global organisations and other stakeholders? | We do this in a range of ways including:  
(i) we partner a large number of peer exchanges around the world and in some cases this explicitly covers ESG and ESG indices.  
(ii) We respond to regulator consultations and have responded positively to consultations regarding issuer non-financial disclosure in the past.  
(iii) we host events for issuers and ESG related initiatives,  
(iv) through FTSE we are involved in a large number of investor ESG collaborative bodies and initiatives including the UN backed PRI, UKSIF, US SIF, EuroSIF, ICGN, ASRIA, Japan SIF and RIAA and  
(v) through our involvement with the SSE initiative. |

<table>
<thead>
<tr>
<th><strong>Sustainable Products</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>How has your exchange supported the development of financial products that address sustainability-related issues (e.g., ESG Indices, carbon markets, social/environmental bonds, sustainable development funds, etc)?</td>
<td>Please see the ‘Our Markets’ and ‘Our Services’ sections (pages 8-16) for a list of products and services.</td>
</tr>
</tbody>
</table>
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