LSEG

London Stock Exchange Group plc
Annual Report 2021

Shaping the future of our industry

TO SERVE OUR CUSTOMERS AND MARKETS BETTER

Essential partnerships. Open opportunities.

WHO WE ARE

LSEG is a leading global financial markets infrastructure and data provider. We play a vital social and economic role in the world's financial system. With our trusted expertise and global scale, we enable the sustainable growth and stability of our customers and their communities.

We are leaders in data and analytics, capital formation and trade execution, and clearing and risk management.

OUR PURPOSE

Driving financial stability, empowering economies and enabling customers to create sustainable growth.

OUR VISION

We are a leading global financial markets infrastructure and data provider. We want to shape the future of our industry to serve our customers and markets better.

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Further information on London Stock Exchange Group can be found at: www.lseg.com

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Registered in England and Wales
No. 5369106

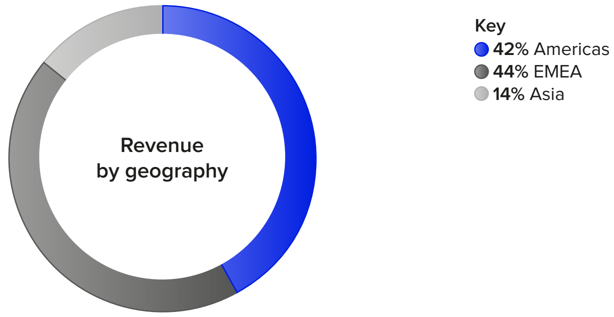
At a glance

LSEG is more than a diversified global financial markets infrastructure and data business.

We are dedicated partners to our customers, with an open model and commitment to excellence. With extensive experience, deep knowledge and global presence across financial markets, we enable businesses and economies around the world to fund innovation, manage risk and create jobs. It's how we've contributed to supporting the financial stability and growth of communities and economies globally for more than 300 years.

Acquisition of Refinitiv

In January 2021, LSEG completed the acquisition of Refinitiv. This is transforming our business, with global scale, increased asset class coverage and world class data and analytics. For more details on the Refinitiv acquisition please see Chair's and Chief Executive Officer's statements on pages 6 to 9, Our purpose and strategy on page 13, What we do – our business model on page 16 and Financial review on pages 31 to 49.



40,000
customers in over 190 countries

23,000
people operating in 70 countries

SUSTAINABILITY

We play a leading role in the transition to a sustainable economy through our ESG data, analytics and indices, capital issuance venues and industry leadership.

In 2021, following the completion of the Refinitiv acquisition, we reset our sustainability ambition and strategy to reflect the scale and urgency of global sustainability challenges, our central role in financial markets and LSEG's new scale and capabilities.

Our new sustainability strategy is anchored in LSEG's purpose of driving financial stability, empowering economies and enabling customers to create sustainable growth.

Enabling sustainable growth
Page 20

OVERVIEW OF GROUP ACTIVITIES

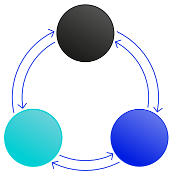
Our diversified business is built on an open model approach – identifying opportunities and creating value for financial markets in three main areas:

Business divisions	**Data & Analytics** Provides high value data, analytics, indices, workflow solutions and data management capabilities. The division is split into five areas to address the different needs of our customers: – Trading & Banking Solutions – Enterprise Data Solutions – Investment Solutions – Wealth Solutions – Customer & Third-Party Risk Solutions	**Capital Markets** Provides businesses with access to capital through issuance and offers secondary market trading for equities, fixed income, and foreign exchange (FX). The division is split into three areas by asset class: – Equity – FX – Fixed Income, Derivatives & Other	**Post Trade** Provides clearing, risk management, capital optimisation and regulatory reporting solutions. The division is split into four areas by type of business and income: – OTC Derivatives – Securities & Reporting – Non-Cash Collateral – Net Treasury Income (NTI)
Statutory financial highlights (excluding recoveries)	Revenue £4,294m (2020: £824m)	Revenue £1,177m (2020: £288m)	Income £913m (2020: £915m)
Pro-forma income (excluding recoveries)[1, 2]	68%	18%	13%
Pro-forma revenue growth[1, 3]	↑ 5.3%	↑ 12.5%	↑ 11.1% excluding NTI (2.0% including)
Business model[4]	Recurring revenue: **93%** Transactional revenues: **7%**	Recurring revenue: **37%** Transactional revenues: **63%**	Recurring revenue: **32%** Transactional revenues: **68%**
KPIs	Our financial KPIs are set out as highlights within our Financial Review, on page 31 for statutory and page 37 for pro-forma. Our non-financial KPIs are included within our Financial Review from page 41 and where applicable linked to revenue.		
Customer profile	A broad range of market participants, including banks, buy-side and sell-side trading desks, hedge funds, asset managers, asset owners, investment managers and a range of corporate functions	Serving >3,000 issuers in over 100 countries with our primary markets offering. Serving >5,000 sell-side banks, brokers, buy-side investors and corporates	Serving banks, brokers and funds with our clearing offerings, and banks and buy-side firms with our regulatory reporting services
Business highlights	Provider of financial market data and analysis to >400,000 users, including 42 of the 50 largest companies by market capitalisation Leading global index and benchmark company (FTSE Russell) Leading provider for Know Your Customer (KYC) screening though World-Check	Leading listing venue in Europe for number of IPOs in 2021 Leading dealer-to-client FX platform (FXall) and leading global interbank FX venue (Matching) Tradeweb facilitated record trading volume in 2021, exceeding US$1 trillion in average daily volume	Leading global clearing house with >90% global share of cleared interest rate swap notional outstanding Strong position in repo clearing with a total of €238 trillion nominal cleared in 2021

1 Pro-forma assumes that the acquisition of Refinitiv took place on 1 January 2021 for the current financial year and 1 January 2020 for the prior financial year comparator figure. Both figures exclude the financial contribution from the businesses contained within the Borsa Italiana divestment
2 1% of Other Income
3 Constant currency variance shows underlying financial performance, excluding the impact of the deferred revenue accounting adjustment and currency impacts, by comparing the current and prior period at consistent exchange rates
4 Post Trade revenue recurring and transactional proportion, excludes Net Treasury Income

A compelling investment story

A business combination that creates more value than the sum of our parts.



To see the our connected business diagram in more detail please go to page 15.

Open

We are committed to an open model across all our products and services, an approach that customers value

Seamless

We provide these services along the investment lifecycle (from pre-trade analytics to post-trade clearing services)

Multi-asset class

We have products and expertise across fixed income, FX, equities, commodities and other asset classes

Scale

Our global footprint allows us to provide the breadth of our services to customers on a global basis and at scale

01

HIGH QUALITY ASSETS IN GROWING MARKETS

Leading businesses with strong competitive advantages in multiple fast-growing global markets

Data & Analytics

All 30

of the world's largest banks by assets use our data

All 10

of the world's largest asset managers by AUM use our data

Capital Markets

$443bn

average daily value of trades in our FX platforms in 2021

$294bn

average daily value of rate derivative trades across Tradeweb in 2021

Post-Trade

$921trn

interest rate swap notional cleared in 2021

>90%

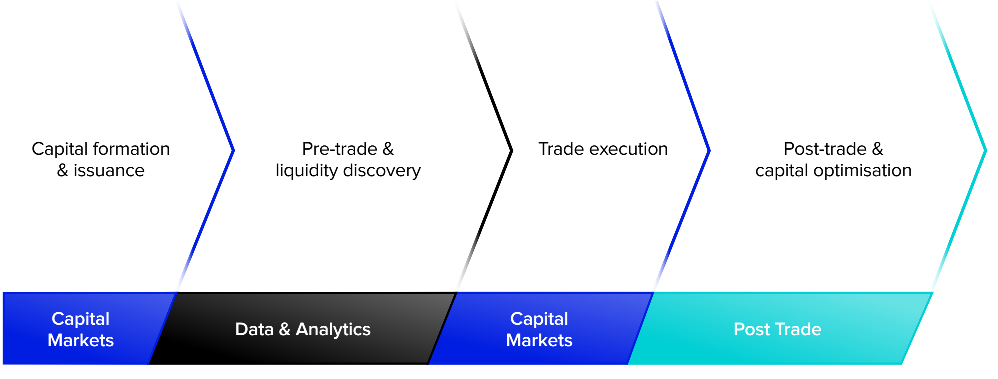
global share of cleared interest rate swap notional outstanding

02

A COMPELLING CUSTOMER PROPOSITION

A unique and joined-up presence along the whole financial markets value chain, with an open model and customer partnership at its core

Strong presence across the entire financial markets value chain

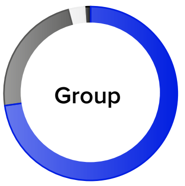


To see our financial markets value chain diagram in full, please see page 16.

03

ATTRACTIVE ECONOMIC MODEL

Recurring revenues, diversified across products and customers, and complemented by good customer retention. A high returns business with strong underlying cash generation and effective deployment of capital



Key
- 73% Recurring revenues
- 23% Transactional revenues
- 3% Net Treasury Income
- 1% Other Income

Recurring revenues

Visible revenues – Mostly subscription and licence revenues, typically 12-24 months in duration

Highly diversified – Revenues are broadly based across activity, product, geography and customer

High retention – c.98% annual customer retention[1]

1 2021 retention of Refinitiv Data & Analytics customers, each generating >£30k in annual revenues

Transactional revenues

Highly diversified and growing

37% Fast growing businesses – Tradeweb, Customer & Third-Party Risk

40% Established leader in growing industries – OTC Derivatives, FX

23% Mature, market growth businesses – Equities, Wealth Solutions

04

DELIVERING ON A CLEAR STRATEGY AND FINANCIAL TARGETS

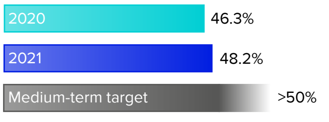
Executing on a multi-year strategy to further accelerate growth and increase scalability

Executing to accelerate growth and expand margins

Target:
5-7%
revenue growth

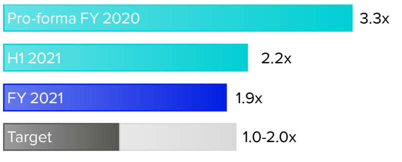
2 Pro-forma growth excluding recoveries and deferred revenue accounting adjustment

Target:
>50%
EBITDA margin beyond 2023



A cash generative business with disciplined capital management

Target:
1.0-2.0x
leverage (ahead of plan)



A3 Moody's	**A** S&P	**1.6%** Blended cost of debt

Target:
2.5-3.0x
dividend cover

Commitment to progressive ordinary dividend policy. Other return options reviewed regularly

05

BUSINESSES WITH POSITIVE IMPACT

Operations that facilitate sustainable investment finance the real economy and reduce systemic risk

Data & Analytics – facilitates sustainable investment

165%
growth in ESG Passive AUM at FTSE Russell[1]

>11,800
companies for which we publish 450+ ESG data Points

1 ESG Passive AUM is as at 30 June 2021 and prior period comparator is at 30 June 2020. The metric is updated bi-annually

Capital Markets – help finance the real economy

£278bn
Equity finance raised in our UK markets over the past ten years

254
ESG ETFs listed on London Stock Exchange

Post Trade – remove risk from the global economy

US$35trn
of notional converted to risk-free rates at LCH, facilitating the global transition away from legacy interbank offered rates (IBORs)

US$5.0 quadrillion
Notional exposure removed from the financial system by our portfolio compression tools since launch

Chair's statement

> We are now a leading global financial markets infrastructure and data provider across the capital markets and investment lifecycle, well positioned for long-term sustainable growth

Don Robert
Chair

Overview
LSEG has continued to perform well, despite the ongoing macro-economic uncertainty and global challenges of the Covid-19 pandemic. Pro-forma total income was £6.8 billion, rising 6.1% on a constant currency basis[1], and adjusted earnings per share increased by 46% reflecting the strong benefit of incorporating Refinitiv. The statutory total income was £6.4 billion. The Group remains highly cash generative and maintains a strong financial position supporting strategic investment and product development. The Board is therefore proposing a final dividend of 70.0 pence per share, representing a total dividend of 95.0 pence per share, up 27%.

Refinitiv
Completing the acquisition of Refinitiv in January 2021 marked a transformative milestone in LSEG's history. We are now a leading global financial markets infrastructure and data provider across the capital markets and investment lifecycle, well positioned for long-term sustainable growth. The Board is pleased with the progress of the integration, and delivery against the stated financial targets. In April, we completed the sale of the Borsa Italiana Group to Euronext, which shareholders approved to facilitate the regulatory approval of the Refinitiv transaction. The majority of the proceeds from the €4.4 billion sale have been used to significantly reduce the Group's debt levels.

Governance
Good corporate governance is key to promoting long-term sustainable success and the Board seeks to operate to high governance and ethical standards. Further detail is available in the Board's governance report starting on page 66.

In August, Stephen O'Connor, Senior Independent Director, stepped down from the Board and Cressida Hogg assumed the role of Senior Independent Director. On behalf of the Board, I'd like to thank Stephen for his significant contribution to the Group over the past eight years, including as Chair of the Risk Committee and most recently serving as the Board's Senior Independent Director. Tsega Gebreyes and Ashok Vaswani joined the Board as Independent Non-Executive Directors in June. Both bring deep financial services and commercial experience in senior roles worldwide. We also announced that Jacques Aigrain will step down from the Board at the AGM in 2022, having served nine years on the Board.

I am pleased to confirm that the Board meets the recommendations on gender and ethnic diversity contained in both the Hampton-Alexander Review and the Parker Review.

Opportunities to visit our operations and engage with employees around the world are very valuable for the Board. Regrettably, Covid-19 continued to restrict in person engagement during 2021. However, the Board has engaged in a series of board conversations with employees around the world. The feedback received is shared at each Board meeting for management to take appropriate action. More information on workforce engagement can be found on page 62 of the Strategic Report and page 73 of the Corporate Governance Report.

> Our sustainability strategy is anchored in LSEG's purpose of driving financial stability, empowering economies and enabling customers to create sustainable growth

First

global exchange group to join United Nations Climate Change 'Race to Zero'

95.0pence

total dividend for 2021

27%

growth in total dividend

Sustainability

LSEG is fully committed to enabling sustainable economic growth. Given our central role in capital markets, our global footprint and presence throughout the trade lifecycle, we are uniquely positioned to play a leading role in this respect. For example, LSEG is supporting the creation of the TPI Global Climate Transition Centre at the London School of Economics by providing data, expertise and funding over the next five years to create a key part of the post-COP26 architecture for sustainable finance. The Centre will provide investors open access to independent and transparent assessments of companies' performance on climate change and the analysis they need to better engage with issuers, re-allocate capital and achieve net zero across their portfolios.

Our sustainability strategy is anchored in LSEG's purpose of driving financial stability, empowering economies and enabling customers to create sustainable growth. To this end, our three strategic priorities regarding sustainability are: accelerate the transition to net zero; enable the growth of the green economy; and create inclusive economic opportunity.

As part of our own commitment, I'm pleased LSEG became the first global exchange group to become a member of the United Nations Climate Change 'Race to Zero' in February 2021. Our science-based targets to reduce emissions in alignment with the Paris Agreement have also been approved by the Science Based Targets initiative (SBTi). The Group has committed to reducing its greenhouse gas emissions (GHG) by 50% by 2030, and reach net zero by 2040. We have also committed to engage all key suppliers, so that suppliers responsible for 67% of our emissions from purchased goods and services have set science-based targets by 2026.

LSEG has a proud history of contributing to the communities in which we operate. In December, we launched our new LSEG Foundation, which will work around the world to improve economic opportunities and help people build more secure futures. By working with charity and non-governmental partners, it will deliver a range of programmes to broaden access to education, employment and enterprise, prioritising areas where we can make the most impact.

More details can be found on pages 20-30 and in our separate Sustainability Report www.lseg.com/investor-relations/sustainability.

Summary

LSEG has delivered another strong financial performance. The integration of Refinitiv is progressing well and we are well positioned to further capitalise on the significant opportunities across financial markets infrastructure.

On behalf of the Board, I would like to thank our employees for their continued commitment and professionalism. I look forward to working with the Board and the Executive Committee on the continued delivery of our strategic objectives, in partnership with our customers.

Don Robert
Chair
2 March 2022

1 Pro-forma total income excluding recoveries. Constant currency variance excludes the impact of the deferred revenue accounting adjustment and currency impacts

Chief Executive Officer's statement

"With our unique and growing position at the centre of global financial markets, the strategic opportunities for LSEG are substantial

David Schwimmer
Chief Executive Officer

Introduction
2021 was the year in which society, industry and governments around the world aligned with the shared goal of driving sustainable and inclusive growth.

For financial markets and market participants, this past year has been an inflection point. The importance of achieving the right balance between economic progress, environmental protection, social inclusion and the role of finance in reaching that goal has never been clearer. The calibration of environmental, social and governance (ESG) factors through the financial ecosystem receives rightful attention but is just one example of the alignment now underway. With our unique and growing position at the centre of global financial markets, the strategic opportunities for LSEG are substantial.

Our acquisition of Refinitiv created a business that, unlike any other, brings together index, analytics and data solutions with unrivalled multi-asset class capital markets and post-trade capabilities. This combination, which is unparalleled in the global financial markets, enables us to deliver enhanced value to our customers across the trade lifecycle.

The opportunity to innovate, create value and build a sustainable future has, again, been the subject of recent discourse about London's position in the global financial ecosystem. While there are numerous aspects to the debate, LSEG's purpose – driving financial stability, empowering economies and enabling customers to create sustainable growth – has never been more relevant.

With LSEG's unique positioning across the whole financial markets value chain, and our leadership role in enabling sustainable economic growth, we now provide a compelling proposition for all our stakeholders.

Below, is an update on how we are performing and my perspective on the value we are creating for shareholders.

How did LSEG perform in 2021?
LSEG has delivered a strong financial performance across all three business divisions. Our Data & Analytics division accelerated strongly by focusing on customer service and offering more innovative solutions; Capital Markets saw strong growth at Tradeweb as well as a good performance across its equities and FX venues; and Post Trade delivered continued growth in OTC Clearing as well as in RepoClear. The Group has a robust financial position with high quality recurring revenues and customer retention rates.

"We are making excellent progress on the integration in order to deliver the strategic and financial benefits of this transaction

6.1%

Pro-forma total income growth

46%

Growth in pro-forma adjusted earnings per share

How pleased are you with the integration of Refinitiv?

We completed the acquisition of Refinitiv one year ago. It has been truly transformational for LSEG, creating a growing and scalable business for the long-term. A combination of a truly global footprint, multi-asset class capabilities, market leading data and analytics and a long track record of customer partnership puts us in a unique position across the global financial markets value chain.

We are making excellent progress on the integration in order to deliver the strategic and financial benefits of this transaction. Our cost synergy programme is ahead of schedule, and we are reducing our debt faster than we planned, including through the disposal of the Borsa Italiana Group in April 2021. We remain highly confident in achieving the other financial targets that we have previously set out. We are improving how we execute across the business, in sales, operations, technology and by embedding a commercially focused culture across the Group.

The natural linkages across our businesses are driving multiple opportunities. For example, our data and execution businesses are mutually reinforcing. To describe this, I often use the phrase "liquidity begets liquidity, data begets data" as trading generates more data, and data leads to more execution. Through new products and services, we are beginning to realise revenue synergies. For example, our pricing and reference data is now used in the construction of FTSE Russell's fixed income indices and, in response to demand from our customers, we are now selling both the index and corresponding reference data to them. Our world-class fixed income analytics in Yield Book are now available to thousands more customers through Refinitiv's distribution. And we have substantially improved the data and analytics we make available to issuers on the London Stock Exchange.

What is LSEG doing to help a transition to a net zero economy?

Global events in 2021 reinforced the urgent need for transformation in world economies to ensure that economic progress is effectively balanced with environmental protection and social inclusion. We are witnessing a generational shift in capital markets, and we take our responsibility to enable sustainable economic growth and a transition to a net zero economy seriously. We are seeing growing demand from our customers for sustainable finance investment data and analytical tools, and we are embedding these services throughout our business.

There is a critical need for data and analytics to help the investment sector navigate a transition to net zero. LSEG supplies data and analysis underpinning sustainable investments which cover more than 450 metrics for over 11,800 companies, going back close to 20 years. In turn, this helps customers identify and target sustainable investment opportunities which meet their needs. Additionally, our markets support the growth of the green economy, enabling issuers to raise equity and fixed income securities aligned with the transition. For example, our Sustainable Bond Market (SBM) supported more than 100 debt issuers globally to raise over £50 billion in sustainable finance in 2021. To support the green transition further, the London Stock Exchange announced plans to develop a new market solution for the voluntary carbon markets to enhance investment in carbon mitigation projects worldwide.

As a Group, we aim to take a leadership role in our own approach to sustainability. In February 2021, LSEG became the first global exchange group to join the United Nations Climate Change 'Race to Zero' and as such we have set ambitious, science-based targets designed to help limit global temperature rise to 1.5°. We have established an Environmental Management Group, led by David Shalders, our Chief Operating Officer, to ensure delivery of our programmes and drive continued performance improvement.

What are your priorities for 2022?

My three priorities for the year are clear – integrating our business, driving growth, and building an efficient and scalable platform. We are positioning LSEG to serve our customers on a global basis across asset classes and across the trade lifecycle.

We operate in a rapidly evolving sector and LSEG is at the forefront of its evolution. For example, from our vantage point, operating in 190 countries, in all major asset classes, we recognise just how dependent markets are on flexible, open, cross-border data flows. Our customers' needs are also changing as they look for efficiency and simplicity, with fewer but deeper relationships with key partners who can deliver sustainable growth-focused products and services.

We will continue to make strategic investments to strengthen our customer offering and further improve our operational resiliency. Along with the Executive Committee, I look forward to continuing to deliver on our strategic objectives for the benefit of our customers, shareholders and other stakeholders.

Finally, I would also like to take this opportunity to thank all our people for their continued dedication, especially during another year of challenges brought by the pandemic, in delivering a successful performance throughout the year.

David Schwimmer
Chief Executive Officer
2 March 2022

For more information on the Refinitiv acquisition, see Our purpose and strategy on page 13 and What we do – our business model on page 16.

Executive management team

Day-to-day management of the Group is led by the CEO, David Schwimmer, supported by the Executive Committee.

The team meets regularly to review a wide range of business matters, including financial performance, development and implementation of strategy, setting and monitoring performance targets, reviewing investment and projects, and corporate culture.

Profiles of the Executive team are provided as at January 2022. For further information on David Schwimmer and Anna Manz, CFO, who are also members of the Board of Directors, see their biographies on page 69.

Changes to the Executive Committee

David Craig left the Executive Committee in July 2021 following the completion of the Refinitiv transaction, at which point he was replaced as Group Head, Data & Analytics by Andrea Remyn Stone.

Debra Walton, Group Head of Sales, left the Executive Committee in September 2021.

David Schwimmer
Chief Executive Officer
Joined LSEG in 2018

Anna Manz
Chief Financial Officer
Joined LSEG in November 2020

Balbir Bakhshi
Chief Risk Officer
Joined LSEG in January 2021

Brings a deep commercial understanding and knowledge of risk management. He was previously Group Head of Non-Financial Risk Management at Deutsche Bank and served on the Supervisory Board of Deutsche Bank Luxembourg S.A. as Chair of its Risk Committee. Prior to this, Balbir spent 21 years at Credit Suisse in a number of senior roles across financial and non-financial risk management.

Catherine Johnson
General Counsel
Joined LSEG in 1996

Manages an international team of lawyers and compliance professionals, advising the Board and senior executives on key legal and compliance issues and strategic initiatives. She is also Chair of FTSE International Limited. Catherine qualified as a lawyer at Herbert Smith in 1993.

Tim Jones
Chief People Officer
Joined LSEG in 2010

Leads the global Human Resources function, responsible for attracting, developing and retaining talent for the Group's global businesses. Tim was previously HR Director of Aegis Media for EMEA.

Daniel Maguire
Group Head, Post Trade & CEO, LCH Group
Joined LCH in 2008

Has held a variety of senior roles across LCH and LSEG, with experience in risk and default management, product management and regulatory strategy. Daniel was appointed to the Board of the International Swaps and Derivatives Association in April 2018.

Anthony McCarthy
Chief Information Officer
Joined LSEG in 2017

Previously held various senior positions at Deutsche Bank, including Managing Director in IT and Group CIO, and CIO for Investment Banking Technology.

Andrea Remyn Stone
Group Head, Data & Analytics
Joined LSEG in January 2021

Former Chief Customer Proposition Officer at Refinitiv, and later Chief Product Officer, Data & Analytics for the combined Group. Previously Chief Strategy Officer at Dealogic and spent five years at Bloomberg as Global Head of Strategy and Corporate Development. She has also held leadership positions at S&P and McGraw Hill.

Murray Roos
Group Head, Capital Markets
Joined LSEG in April 2020

Joined from Citigroup, where he was Global Co-Head of Equities and Securities Services. He previously spent a decade at Deutsche Bank, holding various senior roles.

David Shalders
Chief Operating Officer and Head of Integration
Joined LSEG in 2019

30 years' experience in integration, technology and operations in the financial services sector. Was previously Group Operations and Technology Director at Willis Towers Watson, having led the integration of Willis and Towers Watson, and spent 19 years at RBS in a number of senior operations and technology roles.

Brigitte Trafford
Chief Corporate Affairs and Marketing Officer
Joined LSEG in September 2020

Leads the Group's communications, government relations, regulatory strategy, sustainability and marketing functions. She also chairs the LSEG Foundation. 25 years' corporate affairs experience at Virgin Media, Lloyds Banking Group, ICAP and ITV plc.

Our purpose and strategy

Our purpose

Driving financial stability, empowering economies and enabling customers to create sustainable growth

Our strategy

01	02	03
Globally essential	Multi-asset class enabled	Seamlessly connected

Priorities to deliver on our strategy

01	02	03
Integrating our world-class businesses	Driving growth	Building an efficient and scalable platform

OUR PURPOSE

LSEG plays a vital role in the global economy as a financial markets infrastructure and data provider.

As a Group, our purpose is driving financial stability, empowering economies and enabling customers to create sustainable growth.

We drive financial stability ... by operating businesses that are of systemic importance, critical to our customers and the financial ecosystem.

We empower economies ... by helping our customers access global financial networks, across all asset classes, to in turn create jobs and innovate.

We enable customers to create sustainable growth ... by providing the tools and data that enable financial markets to manage risk and make informed investment decisions.

This purpose underpins everything we do and sets the foundation for our strategy, culture and approach to sustainability.

OUR STRATEGY

Our long-term strategy builds upon our principles of customer partnership and an open model. This will expand and enrich the solutions we can offer to address our customers' evolving needs across ever changing global financial markets.

01

Globally essential
A global player that partners with customers and stakeholders to facilitate the smooth running of financial markets. We see opportunities for significant growth in developing and emerging markets, particularly in Asia

Why is this important? Our customers are increasingly global. Having a connected offering and being present across geographies means we can partner and address the needs of our customers at scale, as they expand into new areas and markets

02

Multi-asset class enabled
A leader across traditional and emerging asset classes; in both public and private markets and incorporating sustainability and ESG factors

Why is this important? Algorithmic, multi-asset class and sustainability-led trading strategies are playing a larger part across public and private markets. These strategies are underpinned by data and involve analysing and trading across multiple asset classes. Through our multi-asset class capabilities, we can create value for our customers by offering simpler and more efficient workflows

To learn more about our approach to sustainability and ESG, see our Enabling sustainable growth section on pages 20-30.

03

Seamlessly connected
A trusted partner across the entire financial markets value chain, utilising our open platforms and investing in innovation. This includes investment in our Data Platform, cloud distribution, venues and capital market workflows, from pre-trade to post-trade

Why is this important? In recent years, our customers have seen working patterns change dramatically, accelerating the use of new technologies that improve how quickly and how efficiently they can operate. Customers are looking for fewer but deeper relationships with suppliers to reduce complexity and cost. By offering the data and solutions our customers need, at scale and across a range of distribution methods (desktop, cloud, direct data feeds), customers increasingly turn to us when accessing financial markets

CASE STUDY

Acquisition of Refinitiv
The acquisition of Refinitiv in January 2021, aligned with all three parts of our strategy by:

Bringing **global scale to LSEG**, with customers in approximately 190 countries and providing a much larger presence in North America, Europe and Asia

Expanding our trading capabilities to new asset classes in Fixed Income (through Tradeweb) and FX (through FXall and Matching), furthering our aim to be **truly multi-asset class enabled**

Increasing our expertise in aggregating, managing and distributing financial markets data at scale, through our **seamlessly connected business**

In addition, the integration of the two businesses is delivering financial and strategic benefits:

£151m run-rate
Cost synergies achieved by the end of 2021, ahead of £88m originally guided

c.25%
of planned synergy-related products launched in 2021

48
New synergy-related products launched in 2021

Our purpose and strategy continued

PRIORITIES TO DELIVER ON OUR STRATEGY

Key areas	How we will deliver on our strategy	Examples of what we delivered in 2021	Objectives for 2022 and beyond
01 Integrating our world-class businesses	Focus on our customers' needs across asset classes, throughout their workflow on a global basis	**Single face for customers:** Creation of a single point of contact for key customers contributed to record customer retention in 2021	**Providing integrated solutions, instead of disconnected products:** integration of Yield Book analytics into human interfaces including Workspace
	Leverage our leading position across financial data and capital markets to create innovative solutions for customers	**Building revenue synergies:** c.25% of planned synergy-related products launched in 2021	**Realising the power of our combined business:** Powering new solutions for customers with data from Tradeweb and LCH
02 Driving growth	Create a disciplined culture focused on performance and delivery	**Understanding customers:** Stabilisation in Trading & Banking revenues	**Delivering revenue synergies:** £40-60m of run-rate revenue synergies by year end
	Improve sales execution and partnership with customers		
	Capture the synergies that exist across our business	**Investing in content:** Acceleration in Pricing & Reference Services	**Innovating to benefit customers:** Focus on customer solutions that cut across our business e.g. fixed income workflow, FX ecosystem
03 Building an efficient and scalable platform	Significant but targeted investment to create a more scalable business centred on cloud-based, open platforms	**Building our Data Platform:** >230 new customers on our cloud-based real time data service	**Building our Data Platform:** Delivering wealth, equities and fixed income reference data into platform in 2022 for early access and scale adoption by 2023
	Management that focuses on sustainable long-term financial performance	**Modernising our FX venues:** Market share gains at FXall aided by new customer tools & services	

BUILDING FOR THE FUTURE

Examples of what we delivered in 2021

Building on natural linkages
Establishing connectivity between FX trading and clearing

Acquisition of Quantile extends customer offering in post trade

Launching next-generation products
Deploying Workspace to Banking, FX, Wealth and Analyst & Portfolio Management users

Foundations for future growth
Good progress in building a more agile, scalable operating platform – all projects on track

Objectives for 2022 and beyond

Expanding next-generation products
Deploy Workspace to FX users at scale, reinforcing our end-to-end FX offering

Partnering along the trade lifecycle
Acquisition of TORA contributes to a more seamless customer experience

Foundations for future growth
Further progress on adoption of modern network technologies driving benefits from 2023

What we do – our business model

LSEG is a leading global financial markets infrastructure and data provider, that operates connected businesses to serve customers across the entire financial markets value chain.

Our customers, our people, our regulators, our suppliers and our shareholders are key stakeholders. For more details, please see Board engagement with stakeholders on pages 61 to 63.

The three connected business divisions we operate are:

Data & Analytics – provides high value data, analytics, indices, workflow solutions and data management capabilities while offering products to assess and manage risk.

Capital Markets – provides businesses with access to capital through issuance and offers secondary market trading for equities, fixed income, and FX.

Post Trade – provides clearing, risk management, capital optimisation and regulatory reporting solutions.

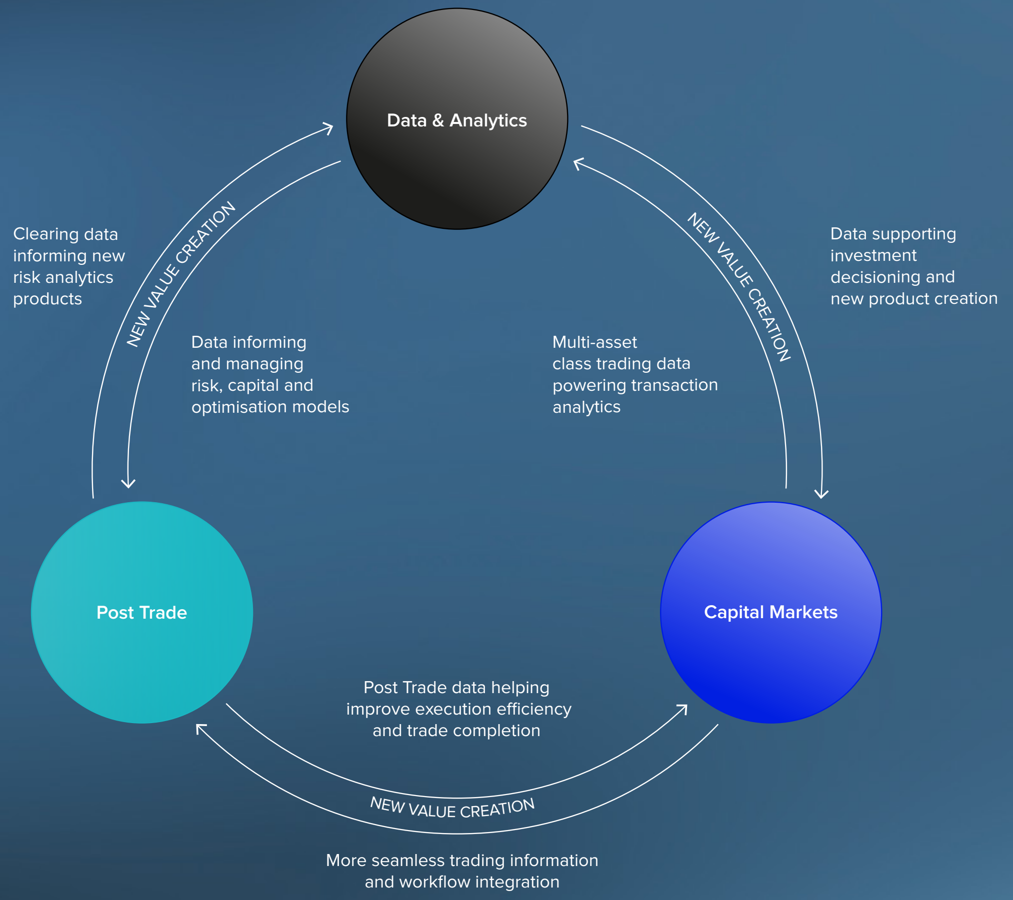
Our business is underpinned by scalable and global technology, which supports the delivery of the Group's solutions through resilient, efficient and secure platforms and operations.

For more details on our businesses, please see At a glance on page 3.

Benefits of a connected business
By having a connected business and delivering on our strategy to be global, multi-asset class and seamlessly connected, we can create value greater than the sum of our parts.

We are committed to an open model across all our products, services and solutions, an approach that allows customers to choose which of our solutions they use and then access on a fair and non-discriminatory basis.

Our business model demonstrates how being connected generates more value for our customers:



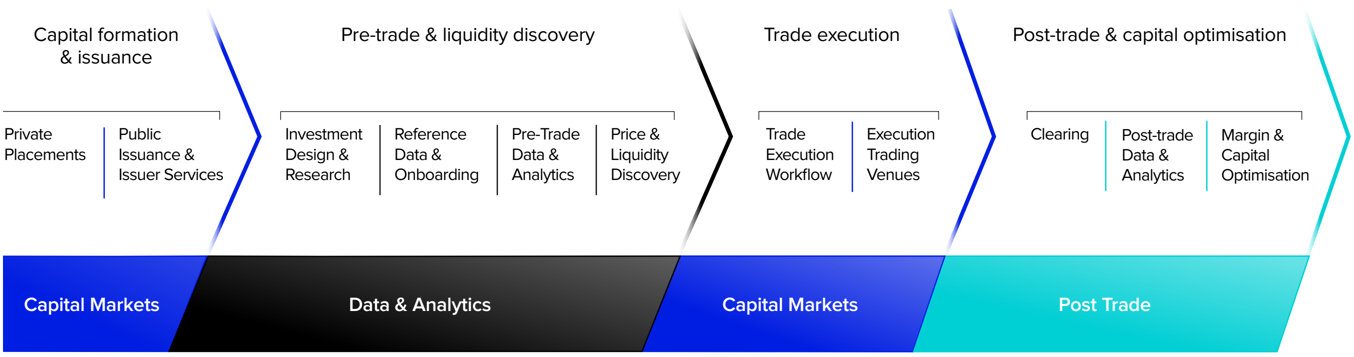
OUR PRESENCE ACROSS THE FINANCIAL MARKETS VALUE CHAIN

We deliver on our purpose and strategy by leveraging our broad offering across the financial markets ecosystem, supporting the needs of all market participants from primary issuance and capital raising to clearing and capital optimisation.

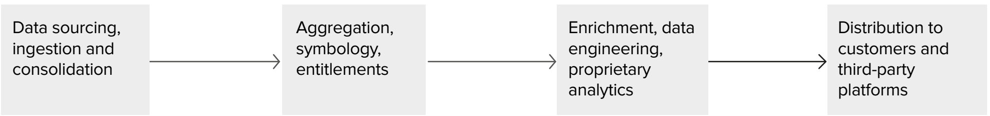
Our offering is enabled by our strong Data Platform capabilities, that allow us to ingest a large amount of data, aggregate and enrich it and deliver it in a flexible manner into our customers' workflows.

Our financial markets value chain example below shows how broad and connected our offering is.

Financial markets value chain



Data Platform capabilities



Integration – Case Study

We are over a year on from the acquisition of Refinitiv and making great progress on the long-term integration of the business.

Our culture has been an important focus, bringing everyone together, breaking down silos and embedding inclusion across all of our people.

We have introduced an operational excellence programme, based around simplification and taking out barriers to execution, putting customers at the heart of everything we do.

2021 achievements:

- Exited 27 properties across the Group.
- Rationalised our data centres with c.40% complete.
- Assessed all of our third-party contracts and renegotiated c.60% of the strategic supplier contracts that we targeted.

Quantile acquisition – Case Study

On 6 December 2021, LSEG announced it has agreed to acquire Quantile Group Limited.

Quantile is a leading provider of portfolio, margin and capital optimisation and compression services for the global financial services market.

The transaction will enable us to expand our range of Post Trade risk management solutions to customers through trade compression, capital and margin optimisation services. Quantile will be complementary to LSEG's global OTC Derivatives clearing services, which provide risk management and capital efficiencies to customers.

The acquisition is expected to close in 2022, subject to antitrust and other regulatory approvals.

TORA acquisition – Case Study

On 22 February 2022, LSEG announced it has agreed to acquire TORA.

TORA is a leading cloud-based technology provider that supports customers trading multiple asset classes across global markets.

The transaction will further enhance the global footprint of LSEG's Trading & Banking Solutions business, within Data & Analytics, with TORA's established presence in Asia and North America and operations in Europe. It will enable our customers to benefit from a differentiated trading solution that combines the multi-asset class capabilities of TORA's software with the Group's rich data and analytics services.

The acquisition is expected to close in H2 2022, subject to regulatory approvals.

CASE STUDY

FX trade lifecycle

A customer that trades FX products can now complete their entire workflow through LSEG. This greatly increases the ease of trading FX, providing value across the entire lifecycle.

Customers can access the trade pricing and pre-trade analysis they require via our Workspace and FXT offerings. Their FX trades can then be executed at FXall. These trades can then be cleared at ForexClear.

The direct connection between FXall and ForexClear was established in 2021 as part of our integration programme.

Customer journey	Asset manager wants to evaluate the cost of hedging the FX risk of future cash flows	→	Asset manager wants to obtain firm quotes from a range of banks, and execute a hedging transaction	→	Asset manager wants to remove the counterparty risk from the transaction
LSEG integrated offering	**Data & Analytics**		**Capital Markets**		**Post Trade**
	News, market data and insight Workspace	Trade execution →	**Global #1 dealer-to-customer FX platform** FXall	Clearing →	**FX clearing and post trade service** ForexClear
	212 billion market data updates per day		Unparalleled network of ~200 liquidity providers		$22 trillion of FX derivatives notional value cleared in 2021

CASE STUDY

Fixed Income ecosystem

The Refinitiv acquisition enables us to offer an improved customer experience and support growth across the Fixed Income ecosystem. Customers can electronically trade cash or derivative Fixed Income products at Tradeweb.

Captured and aggregated trade data by our Evaluated Pricing Services business, powers real time portfolio valuation and greater analysis of execution quality. This aggregated pricing data is used to underpin existing and create new FTSE Russell Fixed Income indices, which can support the growth of fixed income trading.

Customers can then electronically trade cash or derivative fixed income products at Tradeweb, which can then be cleared at RepoClear.

Customer journey	Pension fund wants accurate pricing and performance measurement of their fixed income portfolio	→	Pension fund wants to trade fixed income securities electronically	→	Pension fund wants to eliminate the counterparty risk from the transaction and increase balance sheet netting
LSEG integrated offering	**Data & Analytics**		**Capital Markets**		**Post Trade**
	Evaluated Pricing Services	Trade execution →	**Fixed income** Tradeweb	Clearing →	**Repo clearing and post trade service** RepoClear
	Fixed Income Indices FTSE Russell		>$1 trillion traded daily with strong share across multiple rates and credit products		€238 trillion of European repos cleared in 2021

Market trends and our response

LSEG's success is built on our ability to anticipate and capitalise on the structural transformations that are shaping financial markets.

Over the past 15 years, the Group has achieved considerable growth and delivered shareholder value through a successful combination of organic and inorganic investment in areas of change. We continue to position ourselves to be best placed to capture growth and opportunities as markets evolve.

The four key market trends we see as crucial to our business today and in the future are:

KEY MARKET TRENDS

01
Digitalisation and demand for data

c.40%

growth in number of data messages sent across our real-time network per annum, over the last two years

02
Sustainability and ESG

$35trn

Sustainable investments, >1/3 of all assets in the world's biggest markets

(Source: Reuters)

For more information on sustainability, see pages 20-30

03
Resilient and secure markets

5-6%

IT expected spend growth by financial institutions

10-11%

Expected cloud spend growth by financial institutions

(Source: IDC, 2020 CloudPath Survey)

04
Efficient use of capital

US$5.0 quadrillion

Notional exposure removed from the financial system by our portfolio compression tools since launch

HOW TRENDS ARE SHAPING OUR INDUSTRY

OUR RESPONSE

01
Digitalisation and demand for data
continued

- Cloud computing, machine learning, AI, and process automation are enabling customers to unlock new value and efficiencies across their operating model
- Digitalisation is driving growth across multiple segments including digital payments and retail wealth, demanding ever greater quantities of data to power markets and solutions

We are committed to openness and collaboration:
- Our customers can access thousands of data sets in an open manner, to select and connect according to their needs
- We support the use of our data in cloud native platforms such as Google Cloud Platform, AWS and Microsoft Azure

We empower payments and digital platforms:
- Our Customer & Third-Party Risk business provides validation and due diligence at scale for multiple platforms, including digital payments, e-commerce and wealth management providers

02
Sustainability and ESG
continued

- ESG and climate factors are now a mainstream consideration in investment decision-making
- Businesses are disclosing climate related risk metrics in their external reporting
- Customers are focused on diversity, inclusion and corporate governance as key factors in their investment decision-making, driving the demand for trusted data

We facilitate sustainable investing:
- Our rapidly growing ESG benchmark and index products help greater adoption of sustainable investment approaches
- We publish ESG data covering >11,800 companies globally, as well as a variety of fixed income issuers and instruments

We enable green financing:
- >300 instruments have listed on our sustainable bond market, 100+ issuers on LSE are in receipt of the 'Green Economy Mark' and >200 ESG ETFs are listed on our exchange

We are committed to the transition to net zero:
- See page 22 for more details on our commitment to net zero

03
Resilient and secure markets
continued

- Large scale adoption of cloud for storage and analytics across financial services has increased the focus on resiliency and cyber risk mitigation
- Regulators have significantly increased their focus on standards for data protection

We are helping customers and regulators manage and mitigate operational risks:
- We operate systemic market infrastructure that our customers rely on every day
- We continue to invest to improve market infrastructure resiliency across our business, such as London Stock Exchange and LCH
- We offer customers Know Your Customer (KYC) verification, identity fraud prevention and cybersecurity ratings solutions
- We offer data management and access tools to make sure data can be distributed securely

04
Efficient use of capital
continued

- Cost pressures and efficiency initiatives are resulting in our customers wanting to optimise their capital throughout the trade lifecycle
- Due to recent low interest rates, investors have been looking beyond traditional, public markets in search of greater returns

We enable capital to flow more efficiently across the financial system:
- LCH is at the forefront of financial resource optimisation, enabling our customers to achieve considerable capital and operational efficiencies
- In December 2021, we announced the planned acquisition of Quantile, a leading provider of portfolio, margin and capital optimisation and compression services

We help unlock new and emerging pools of liquidity:
- We have expanded and diversified our capital markets offering through Tradeweb and FXall, both leading electronic venues acquired through Refinitiv
- We explore opportunities to bridge the gap between public and private markets, providing insight, analytics, and workflow capabilities to enable efficient allocation of capital

Enabling sustainable growth

Global events in 2021 reinforced the urgent need for transformation to ensure that economic progress is effectively balanced with environmental protection and social inclusion.

We are in the decisive decade where our actions will dictate how society will be affected by the changing climate, pressure on natural resources and socio-political relations.

LSEG is committed to being an enabler of sustainable economic growth. We are using our unique position at the centre of global financial markets to help support the financial ecosystem's transition towards sustainability.

Our sustainability strategy

In 2021, following the completion of the Refinitiv acquisition, we reset our sustainability ambition and strategy to reflect the scale and urgency of global sustainability challenges, our central role in financial markets and LSEG's new scale and capabilities.

Our new sustainability strategy aligns to our purpose of driving financial stability, empowering economies and enabling customers to create sustainable growth. Focusing where we can have the greatest impact, we have identified three sustainability priorities.

These priorities are underpinned by a series of objectives, which together form our sustainable growth plan.

Our purpose

Driving financial stability, empowering economies and enabling customers to create sustainable growth

Our sustainability priorities

Accelerate the just transition to net zero

Page 22

Enable the growth of the green economy

Page 23

Create inclusive economic opportunity

Page 24

Materiality

To inform our new sustainability strategy we conducted a materiality assessment. This involved a review of relevant sustainability-related regulation, ratings, disclosure standards and market activity. We also engaged with stakeholders to ensure we understood their priorities. The process enabled us to assess the relative importance of sustainability issues to our business and our stakeholders.

Read more on our materiality review in the Sustainability Report on page 8

Contributing to the UN Sustainable Development Goals

We will play our part in helping governments and societies achieve the UN Sustainable Development Goals (SDGs). The goals were one of the considerations in the development of our sustainability strategy which contributes towards the following seven goals.

More information on how we are contributing to these SDGs can be found in our Sustainability Report

The 2021 Sustainability Report provides detail of progress towards our sustainability priorities. Pages 22-24 here, covers some of the key 2021 highlights.

Download the Sustainability Report here: **www.lseg.com/investor-relations/sustainability**

SUSTAINABILITY GOVERNANCE

The LSEG Board	In 2021 the LSEG Board discussed sustainability related matters on four occasions as detailed in the Governance section of this report on page 74.
LSEG's Executive Committee	Has overall accountability for the Group's sustainability strategy and performance. The Chief Corporate Affairs and Marketing Officer is the Executive sponsor for sustainability. Remuneration for all members of the Executive Committee is linked to the Group's strategic objective on sustainability.
The Sustainability Committee	Comprises seven Executive Committee members and seven other senior executives. It meets quarterly and is responsible for providing direction and challenge on the Group's sustainability strategy and programmes, monitors performance and reports to the Executive Committee on progress.
The Sustainability Working Group	Supports the Committee and brings together sustainability subject matter experts from across LSEG to work on shaping and delivering the Group's sustainability strategy. It is chaired by the Group Head of Sustainability and meets monthly at a minimum. Other relevant groups include the Environmental Management Group and the Environmental Operating Group which together deliver LSEG's climate commitments.

LSEG FOUNDATION

In 2021 we relaunched the LSEG Foundation, aligning its mission with LSEG's purpose and becoming the unified focal point for our global charitable work in the community. This is an important milestone for the business, enabling our employees to bring LSEG's purpose to life in society more widely and have a positive impact in the communities where we operate.

The LSEG Foundation is a charitable incorporated organisation (CIO) regulated by the Charity Commission for England and Wales. It is governed by a board of trustees, including independent and executive members, chaired by LSEG's Chief Corporate Affairs and Marketing Officer.

In 2021 LSEG donated over £2 million to the LSEG Foundation and other charities, with over 875 employees engaged in global charitable activities. More than 400 charities were positively affected through LSEG Foundation grants, employee matched fundraising and volunteering initiatives.

For further information about the LSEG Foundation, see our Sustainability Report or visit **www.lseg.com/about-lseg/lseg-foundation**

VACCINAID.ORG

UNICEF's VaccinAid campaign

We are a founding supporter of UNICEF UK's VaccinAid campaign, providing equitable access to Covid-19 vaccines for all participating countries, regardless of their ability to pay.

We also helped to provide additional medical support to India and Sri Lanka via our partnership with UNICEF, increasing access to life-saving oxygen and testing.

Accelerate the just transition to net zero

Decarbonising the global economy is critical to minimising the worst consequences of climate change.

We are using LSEG's unique market position, capabilities, products, and services to support a global reallocation of capital which shares the costs and benefits of reaching net zero fairly between countries.

Objectives

- Enable more issuers to access the capital required to finance the transition to a low carbon economy and enable investors to build transition-aligned portfolios
- Improve transparency and understanding of environmental, social and financial risks associated with the transition by supporting clear, comparable and comprehensive data, analytical tools and research to inform investment decision-making, deeper engagement between companies and investors and market-wide collaboration
- Fulfil our commitment to the UN Race to Zero by reducing LSEG's carbon emissions by 50% by 2030 and reach net zero by 2040

IN ACTION

Over £50bn

raised globally in sustainable finance on our Sustainable Bond Market in 2021

More examples of what we are doing can be found within the Sustainability Report: **www.lseg.com/investor-relations/sustainability** on page 11.

First global exchange group to commit to net zero

In February 2021, LSEG joined the United Nations Climate Change 'Race to Zero' becoming the first global exchange group to commit to net zero. We will reduce our carbon emissions by 50% by 2030 and will reach net zero by 2040. We have set science-based targets aligned to the target to limit temperature growth to 1.5°C.

Our full Climate Transition Plan can be found here: **www.lseg.com/investor-relations/sustainability**

Our greenhouse gas (GHG) emission data can be found on pages 27 and 28.

COP26

LSEG actively participated in COP26 and was a sponsor of the Green Horizon Summit. This focused on the role of finance in the transition to net zero and was co-hosted by the City of London and the Green Finance Institute. In the run up to COP26 we ran a series of Climate Action Webinars in partnership with the Principles for Responsible Investment which attracted over 11,000 viewers. Amongst some of the high-profile speakers were John Kerry, US Special Envoy on Climate, Mark Carney, UN Special Envoy on Climate Action and Finance, Masataka Miyazono, President of Japan's Government Pension Investment Fund (GPIF) and Ravi Menon, Head of the Monetary Authority of Singapore.

TCFD

LSEG has been a signatory and supporter of the Task Force on Climate-related Financial Disclosures (TCFD) since its launch in 2017 and has disclosed climate change as an emerging risk in both our annual and sustainability reports since 2019. We annually disclose information on how we expect climate change, and the associated transition to a low-carbon economy, to impact our business in the near to long-term. We are committed to continuing to align our disclosure with TCFD's recommendations and embedding its principals across our business.

Our environmental progress is submitted through various benchmarks and disclosures where we consider the impacts of climate change upon our business. This includes our annual CDP climate disclosure where we have achieved an A- for the sixth consecutive year.

Our full TCFD Report can be found: **www.lseg.com/investor-relations/sustainability**. Our summary of TCFD recommendations can be found on pages 29 and 30.

Financing the transition

In February 2021, the London Stock Exchange became the first exchange globally to launch a dedicated Transition Bond Segment to finance organisations with robust and credible transition strategies aligned to the Paris Agreement. The Transition segment joins Green, Social, Sustainability and Sustainability-linked segments which together comprise the London Stock Exchange's Sustainable Bond Market.

Enable the growth of the green economy

To deliver sustainable economic growth more economic activity must focus on creating, scaling and delivering solutions to the world's environmental and social challenges.

LSEG has a pivotal role in helping those solutions to thrive by enabling more capital to flow towards sustainable economic activity.

Objectives

- Provide financial market infrastructure to support the growth in green capital, focusing on key sustainability challenges, clean growth and sustainable economic activity
- Leverage our data, analytics and benchmarks capabilities to support the growth of the green economy
- Promote and support market collaboration, innovation and public policy to scale green economic growth globally

IN ACTION

33 new Green Economy Mark issuers in 2021
In July 2021 we launched the third annual cohort of Green Economy Mark (GEM) companies. Currently there are 115 companies with the GEM, which recognises firms with over 50% of their revenues coming from products and services that contribute to the global green economy. Together they have a market capitalisation of over £165 billion, an increase of 23% from the GEM cohort in 2020.

115
Companies certified

The UK's first Green Gilt
The London Stock Exchange welcomed the UK Government's £10 billion inaugural green gilt to its Sustainable Bond Market in September 2021, marking the launch of the UK Government's Green Financing programme. The issuance also represented the Sustainable Bond Market's largest inaugural sovereign issuance to date. Proceeds will fund green government projects such as clean transportation, energy efficiency, renewable energy, pollution prevention and control, living and natural resources, and climate change adaption.

FTSE Russell Green Revenues data
FTSE Russell has been researching and developing green industry taxonomies for more than a decade. Our Green Revenues 2.0 data model enables a better understanding of the green economy, defining what it is and determining the companies and activities it comprises. It is applied to nearly 99% of total global market capitalisation, capturing over 16,000 public companies across 48 developed and emerging markets from micro to mega capitalisation.

The EU Taxonomy and FTSE Russell's Green Revenues Classification System are highly aligned to give investors an effective tool to identify companies involved in the green economy and quantify the share of their revenues that is likely to qualify under the EU Taxonomy.

More examples of what we are doing can be found within the Sustainability Report: **www.lseg.com/investor-relations/sustainability** on page 23.

Create inclusive economic opportunity

Inclusive economies enable more people to participate in and benefit from economic growth, regardless of their gender, ethnicity, social background, political or religious beliefs. They also uphold high standards of governance, address inequality and respect human rights.

LSEG's purpose is to empower economies as a whole; we also strive to empower individuals and communities by championing inclusion and economic opportunity.

Objectives

- Embed an inclusive culture at LSEG to attract the best talent from the widest pool and strengthen our inclusive leadership in an environment that embraces diversity of every kind
- Use our central position within global capital markets to promote inclusion within companies, industry and society more widely through market collaboration, research and greater disclosure
- Support economic empowerment in local communities around the world through the LSEG Foundation to enable people to access education, employment and enterprise opportunities to build a secure future

IN ACTION

Inclusive culture at LSEG

Attracting and retaining a diverse workforce is critical to how we do business. We express our culture in three pillars that are critical in delivering on our purpose:

- **Connect:** We work as one company to serve our customers. We unify to get the best from our people and to deliver the greatest value for our customers
- **Create opportunity:** We have the courage to think differently. We are proud of our heritage yet are not constrained by it
- **Deliver excellence:** We execute to the highest standards. We deliver on our commitments and take ownership of every aspect of our work

We are building an inclusive culture, where diverse perspectives are encouraged, and all employees can be themselves at work. We are making progress on this, with increased levels of employees agreeing that LSEG has a climate in which diverse perspectives are valued.

Employee wellbeing

Our goal is to create a healthy and resilient organisation, where people can perform at their best and are motivated to contribute to organisational success, with an enhanced sense of their own wellbeing. We have a confidential and anonymous Employee Assistance Programme (EAP) with 24/7 dedicated counselling, practical information, and live and digital content to support wellbeing. This is available to employees and members of their household.

We also relaunched our global Mental Health Awareness Champions to help us improve mental health literacy and build confidence to support healthy behaviours in the workplace. We now have 170 Champions across the Group.

Employee Voice

Employee Voice is the term we use to describe our engagement with our colleagues. Our engagement survey gives our people the opportunity to help shape life at LSEG. The overall response rate in 2021 was 81%. Insights inform focused action that will continue to shape our culture. Insights from the survey help leaders to better understand our people's experience at LSEG, and to facilitate conversation and collaboration across the Group.

The engagement index of 73 remained stable throughout the year, reflecting our strong commitment to listening and building an environment where diverse perspectives are valued and where people feel they can share their views. We validate our engagement index across external benchmarking, and recognise we have an opportunity to strengthen sentiment as we continue to equip teams and leaders with survey insights to drive meaningful actions.

170

Mental Health Awareness Champions from across LSEG

More examples of what we are doing can be found within the Sustainability Report: **www.lseg.com/investor-relations/sustainability** on page 29

Diversity of our workforce

In 2021, we designed and implemented a new, global Diversity & Inclusion (D&I) framework, set against four key priorities:

- Create a culture that fosters belonging
- Build a diverse leadership team
- Accelerate progression of underrepresented talent
- Shape inclusion across our industry

To enhance leader accountability, we set a Group strategic objective that holds the Executive Committee and Group Leaders accountable for progress on D&I. We also introduced new targets for gender and racial and ethnic diversity:

- 40% women in senior leadership roles by the end of 2022
- 20% underrepresented groups in senior leadership roles by the end of 2023 and 25% by the end of 2025

Gender Pay Gap

In 2021 we designed a Group-wide reward framework, which establishes the compensation structure for each stage in our career framework. We conduct equal pay analysis as part of our annual pay review process and are confident that we do not differentiate pay between men and women who perform equivalent roles.

Gender pay gap data measures the difference in hourly average pay between men and women and is heavily influenced by the composition of the workforce. As women are currently underrepresented within LSEG's leadership community we do have a gender pay gap. We are seeking to address this gap by efforts to increase the gender diversity in our senior roles.

Our full Gender Pay Gap Report is available here: **www.lseg.com/investor-relations/sustainability**

Gender	2021 (Combined)				2020 (Heritage LSEG only)			
	Female	%	Male	%	Female	%	Male	%
LSEG plc Board	6	46	7	54	4	44	5	56
LSEG Subsidiary Boards	90	28	234	72	28	20	110	80
Senior Leadership (Exco and Group Leaders[1]	34	33	69	67	172	37	298	63
People Leaders (Line Managers)	1,024	33	2,046	67	420	30	1,001	70
All employees	9,920	43	13,341	57	1,934	35	3,652	65

1 In 2021, Senior Leadership refers to members of Executive Committee (ExCo) and Group Leaders, who directly report to ExCo members. In 2020, Senior Leadership included ExCo, their Leadership team and the Leadership team's direct reports.
Note: The LSEG Subsidiary Board members and the members of the Executive Committee and Leadership Teams together comprise the 'Senior Managers' for the purposes of section 414C(8)(c)(ii) of the Companies Act 2006

Race and ethnicity[2]	2021				
	White	%	Racial and ethnic minorities	%	Disclosure rate
Senior Leadership (Exco and Group Leaders) (Global)[3]	76	84	14	16	90%
People Leaders (Line Managers) (US and UK only)	952	78	273	22	86%
All employees (US and UK only)	4,197	69	1,859	31	84%

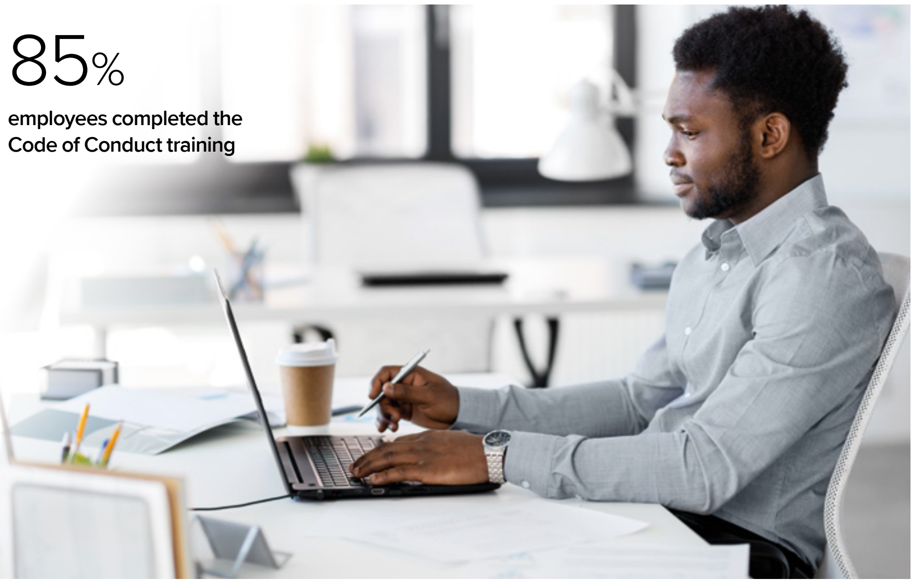
2 The Board meets the recommendations on gender and ethnic diversity contained in both the Hampton-Alexander Review and the Parker Review
3 Our Senior Leadership team only included Senior Leaders based in countries where we collect race/ethnicity information.
Note: Figures for both Gender and Race and ethnicity are as of year ended 31 December 2021

33%

women in Senior Leadership on 31 December 2021 with a target of 40% by the end of 2022

Operating responsibly

Our sustainability approach is underpinned by a series of policies and standards which make sure we effectively manage relevant environmental, social and governance issues across our organisation.



Business ethics

We are committed to the highest standards of integrity. The standards and behaviours expected of all LSEG employees, regardless of geography or discipline, are set out in the Code of Conduct. This Code reflects the way employees work, collaborate and engage with colleagues, customers and other stakeholders.

Employees are required to conduct mandatory training annually on the Code of Conduct. In 2021 85% employees completed the training.

Financial crime, bribery and corruption

We are committed to supporting government, law enforcement and international bodies to combat the use of the financial services sector to facilitate financial crime. We have a zero-tolerance approach to financial crime which is set out in our Financial Crime policy. Our people need to complete mandatory training to make sure they understand and comply with this policy. We also have a dedicated policy on antibribery and corruption which applies globally and is aligned with the UK Bribery Act and the US Foreign Corrupt Practices Act.

Human rights

We recognise our duty to respect human rights within our workforce, supply chain and by reducing financial crime, bribery and corruption. We have a number of policies which directly or indirectly seek to respect human rights and are aligned with international human rights standards and principles. These include our Employee Code of Conduct, Supplier Code of Conduct, and our Financial Crime policy.

We monitor all current and emerging human rights-related regulation and as a UK-headquartered business are committed to adhere to the UK Modern Slavery Act 2015. Our Modern Slavery Act statement is available on **www.lseg.com/investor-relations/sustainability/modern-slavery-act-statement**

Information security

Information security is a significant risk to LSEG, its customers and business partners. Our Information Security Policy sets out the responsibilities of employees and the expectations for maintaining the security of customer and business information, as well as adhering to legal and regulatory requirements in the regions in which we operate. The policy seeks to manage risks to information assets against unauthorised access or modification, malicious or accidental disclosure and/or destruction, and to maintain their confidentiality, integrity and availability.

Sustainability Policy

Our Sustainability Policy sets out the requirements for LSEG to ensure it identifies, manages and improves its sustainability performance. The policy is supported by several standards including Community Investment, Human Rights, Environmental Management and Diversity & Inclusion.

Tax strategy

LSEG recognises that payment of tax is an important contribution to the functioning of the economies and societies in which we operate, and we believe in the obligation to pay our fair share of tax due in any country. We comply with all relevant laws and regulations related to the payment of tax and maintain appropriate systems, processes and controls to enable us to fulfil our tax obligations. The Group's underlying effective tax rate for the period in respect of continuing underlying operations and excluding the effect of prior year adjustments was 20.7% (2020: 22.4%). LSEG's Global Tax strategy is available on **www.lseg.com/about-lseg**

Whistleblowing

We are committed to providing an open environment where our colleagues, contractors and other third parties feel comfortable raising any concerns about adherence to our Code of Conduct, relevant laws and regulations or if they consider something unethical or potentially harmful. Colleagues can raise concerns, independently and confidentially through LSEG's Speak Up 24 hour hotline or online at lseg.ethicspoint.com. All concerns are treated in confidence and are fully investigated and, where appropriate, actions will be taken to address any concerns raised and improve the environment in which we work. The Group's whistleblowing policy provides a method of addressing concerns while at the same time offering whistleblowers statutory protection from demotion or witholding promotion, reduction of wages, discrimination, victimisation, harassment or unjustifiable disciplinary proceedings.

Emissions

We continued to reduce our total Group carbon footprint in 2021, down almost 13% from our 2019 baseline, and more than 10% down from 2020. We saw reductions across Scopes 1, 2 and 3 with the greatest percentage reductions in Scope 2 market-based emissions, down 69% from the 2019 baseline; this is largely due to all electricity in 2021 being either a green tariff or an energy attribute certificate. Scope 1 emissions reduced by 54% from our 2019 baseline, largely due to a consolidation of our office footprint as well as reduced office use. Overall Scope 3 emissions reduced, due largely to lower levels of business travel due to the ongoing global pandemic; emissions from business travel in 2021 were down 93% from 2019, and 66% from 2020 levels. As travel restrictions begin to ease, we anticipate business travel to increase and associated emissions to increase, from the levels seen in 2021. As office occupancy levels remained low during 2021 we saw reduced Scope 3 emissions from waste disposal; this is expected to increase as more employees return to the office. Our plans for 2022, aim to manage these expected increases in order to stay on track with our 2030 target commitment.

While we saw lower emissions from reduced business travel and office occupancy in 2021 we experienced a significant increase in emissions from homeworking from 2019 levels. However, 2021 emissions for homeworking are lower than 2020 levels which is largely due to improvements in office attendance data which tracked actual daily attendance for each office. This enabled us to calculate more accurate emissions data for homeworking and commuting, and reduced our reliance on estimated office occupancy figures. In previous years a conservative estimate was made for both homeworking and commuting.

The vast majority (96%) of our GHG emissions arise from Scope 3 purchased goods and services demonstrating how critical engagement with our suppliers is to the overall reduction of our emissions. As a result, we have set a supplier engagement target which aims to ensure that suppliers responsible for 67% of our emissions from purchased goods and services have set science-based targets by 2026. As part of our engagement with suppliers to achieve our target, we will collect GHG emissions data from our key suppliers to more accurately calculate our emissions associated with the goods and services we buy. This will allow us to set targets in the near future to reduce this portion of our emissions in alignment with our 2030 target commitment.

Overall Performance	2021	2020[8]	2019[8]	% Change[9]
Total Group carbon footprint (tCO_2e)[1, 5]	**571,885**	640,693	657,008	-13%
per m[2]	**1.35**	1.50	1.54	-12%
per FTE	**24**	27	27	-10%
per £m Revenue[11]	**80**	90	96	-17%
Scope 1[2]	**1,000**	1,960	2,163	-54%
Scope 2 Market based[3]	**3,138**	6,492	10,189	-69%
Scope 2 Location based	**106,566**	111,644	143,206	-26%
Renewable Electricity (%)[7]	**100%**	98%	96%	4%
Scope 3[4, 5, 6]	**567,747**	634,175	646,569	-12%
1. Purchased Goods & Services	**550,861**	603,613	564,107	-2%
3. Fuel-and energy-related activities (FERA)	**5,659**	6,371	9,082	-38%
5. Waste	**185**	369	1,879	-90%
5. Water	**80**	1,166	1,282	-94%
6. Business Travel	**3,169**	9,593	42,662	-93%
7. Employee Commuting	**1,907**	4,745	27,422	-93%
7. Home working	**5,805**	8,236	55	10455%
8. Upstream leased assets	**81**	81	80	1%
Exclusions (market-based)[10]	**767**	1,933	1,914	-17%
Exclusions (location-based)[10]	**1,886**	4,264	4,829	-60%

Notes

1 All Group totals and electricity breakdowns use market-based Scope 2 emission factors. Group carbon footprint includes tenant consumption, excludes client-based workers.
2 Scope 1 Emissions Combustion of fuel and operation of facilities – includes Natural Gas, Diesel, LPG, Fugitive Emissions and Fleet Vehicles
3 Scope 2 Emissions purchase of electricity and heat by the Group for its own use. Market-based emissions use supplier-based emission factors, and energy attribute certificates for where 100% renewable supplier tariffs are not in place
4 Scope 3 includes emissions from Purchased goods and services, Fuel-and-Energy Related Emissions, Air Travel, Rail Travel, Taxis, Hotels and Ground Transfers, Waste, Water, Employee Commuting (including home working) and Upstream leased assets
5 DEFRA UK Government GHG Conversion Factors are used for our UK sites, and all business travel, water, waste, upstream leased assets and extrapolated data. US EPA factors are used for United States electricity and employee commute factors. IEA and GHG Protocol emissions factors are used to calculate Scope 1, 2 and Scope 3 fuel-and-energy-related emissions for international sites where available. Defra IO factors have been adjusted to reflect reporting year consumer price indexation to estimate emissions related to purchased goods and services. US and UK National Travel Surveys have been used to inform our estimations for employee commuting. Emissions related to working from home have been based on EcoAct's 'Homeworking emissions whitepaper' (2020)
6 Scope 3 emissions are not separately reported by UK and Rest of Group, due to the collection of travel, purchased goods and services and other data at the group level
7 Energy attribute certificates have been purchased to claim renewable electricity consumption for all sites where 100% renewable supplier tariffs are not in place. These certificates have been sourced from an internationally recognised trader who is an IETA member and gold partner of CDP
8 2019 and 2020 total carbon emissions have been restated to reflect the acquisition of Refinitiv
9 % Change is calculated between 2021 and 2019, the Group's target baseline year
10 Emissions from sites not included within the reporting boundary relate to the divestment of Borsa Italiana Group and have been published for transparency
11 The revenue figures for 2019, 2020 and 2021 are based on a 'pro-forma' approach to align with our global GHG inventory

Methodology & Verification Statement

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

Our emissions are calculated according to an 'operational control' boundary using GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and UK Government Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance (March 2019).

LSEG's Scope 1, 2 and 3 emissions disclosed in this report have been externally verified by Cameron-Cole against the requirements of the WRI/WBCSD GHG Protocol, GHG Protocol Corporate Accounting and Reporting Standard (revised edition), GHG Protocol Scope 2 Guidance: An amendment to the GHG Protocol Corporate Standard, the GHG Protocol Corporate Value Chain (Scope 3) Standard. Conduct of the verification met the requirements of ISO 14064-3:2006(E).

More information and full details of our emissions inventory and targets can be found in our Sustainability Report. Our verification statement is available on our website at **www.lseg.com/investor-relations/sustainability/environment**

Streamlined Energy and Carbon Reporting (SECR)

LSEG calculates all available emissions sources required under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, along with the addition of fugitive and process emissions and the extension of the scope to global emissions, rather than UK emissions only. LSEG calculates greenhouse gas emissions to cover all material sources of emissions for which LSEG plc is responsible. The methodology used was that of the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition, 2015). Responsibility for emissions sources was determined using the operational control approach.

Streamlined Energy and Carbon Reporting (SECR)

		2021	2020[1]	2019[1]	% Change[4]
Total	Energy Consumption (kWh)[2]	**117,730,853**	156,919,732	371,895,033	-68%
UK	Energy Consumption (kWh)[2]	**54,401,256**	80,552,486	118,956,031	-54%
	Scope 1	**556**	716	1,381	-60%
	Scope 2 – Market Based	**422**	577	153	175%
	Scope 2 – Location Based	**10,908**	17,758	27,805	-61%
	tCO_2e/ FTE (Scope 1 & 2 location-based)	**2.53**	4.07	6.75	-62%
	tCO_2e/ FTE (Scope 1 & 2 market-based)	**0.09**	0.13	0.04	154%
Europe	Energy Consumption (kWh)[2]	**12,353,859**	14,077,652	42,882,337	-71%
	Scope 1	**4**	5	34	-89%
	Scope 2 – Market Based	**586**	755	1,082	-46%
	Scope 2 – Location Based	**4,928**	4,709	9,043	-46%
Americas	Energy Consumption (kWh)[2]	**11,374,623**	11,070,866	158,530,000	-93%
	Scope 1	**187**	450	393	-52%
	Scope 2 – Market Based	**1,786**	2,431	6,550	-73%
	Scope 2 – Location Based	**77,060**	63,969	80,463	-4%
APAC	Energy Consumption (kWh)[2]	**39,189,207**	49,521,785	48,161,602	-19%
	Scope 1	**253**	788	356	-29%
	Scope 2 – Market Based	**343**	2,729	2,405	-86%
	Scope 2 – Location Based	**13,670**	25,208	25,895	-47%

1 2019 and 2020 total carbon emissions have been restated to reflect the acquisition of Refinitiv
2 Electricity, Natural Gas, Diesel, LPG, and Fleet Vehicle fuel have each been converted from their respective units to kWh in order to be presented as an aggregate fuel consumption value. Defra GHG Conversion Factors 2020 (Fuel Properties) have been used as the basis for this conversion. Refrigerant consumption is not included in total MWh
3 Scope 3 emissions are not reported separated by UK and Rest of Group. Streamlined Energy and Carbon Reporting requires only Scope 1 and Scope 2 emissions and associated energy usage to be separated by region
4 % Change is calculated between 2021 and 2019, the Group's target baseline year

2021 Approach and evolution of TCFD

Since the disclosure in our 2020 Annual Report, and following the acquisition of Refinitiv, we have further developed and enhanced our models for both physical and transition risks to reflect the newly combined organisation. We have also taken into account the increased disclosure requirements for corporations and financial markets participants, taking proactive steps to develop our methodology to define and model how climate change impacts our operations and business.

To improve our understanding of the financial implications of climate-related risks and opportunities to our business, we continue to iterate and improve a suite of scenarios which address our physical risk to operations and the implications of transitioning to a net zero economy.

The aim is:

- to reinforce the Group's resilience to physical risks today and in the future;
- to address transition risks and opportunities; to meet existing mandatory reporting requirements and prepare for future ones; and
- to protect the Group's reputation.

Our full TCFD Report can be found here:
www.lseg.com/investor-relations/sustainability

Summary of the TCFD recommendations

Section	TCFD recommendation	LSEG approach	2021 Enhancements
Governance	The board's oversight of climate-related risks and opportunities.	• LSEG Board has ultimate oversight of the sustainability agenda and strategy • Updated bi-annually on sustainability-related issues including climate risks and opportunities • The LSEG board has oversight of the Group Sustainability Policy • Board Risk Committee has oversight of the Group's Risk Framework including sustainability risks	• Following the acquisition of Refinitiv, the LSEG Board approved the updated Sustainability Policy and received briefings on LSEG's sustainability approach
	Management's role in assessing and managing climate-related risks and opportunities.	• Sustainability Committee is chaired by Chief Corporate Affairs and Marketing Officer. Chief Risk Officer and Chief Operating Officer are also members of the Sustainability Committee • The Environmental Management Group (EMG) reports into the Sustainability Committee. The EMG meets quarterly, sets the environmental ambition for LSEG, chaired by Chief Operating Officer	• Sustainability Committee membership refreshed to reflect new leadership and ownership • Environmental Management Group membership refreshed to reflect new leadership and enhanced accountability
Reference	Sustainability Policy: **www.lseg.com/investor-relations/sustainability** LSEG 2021 Sustainability Report (Accelerate the just transition to net zero section): **www.lseg.com/investor-relations/sustainability** LSEG 2021 Annual Report (Enabling sustainable growth section) pages 20 to 28 LSEG 2021 TCFD Report: **www.lseg.com/investor-relations/sustainability**		
Strategy	Identification of climate-related risks and opportunities.	• Led by Group Risk, sample models have been developed with input and validation by the business, to identify and manage future risks and opportunities that have a material impact on physical locations and our business model	• Physical Climate Risk Model has been expanded to incorporate Refinitiv's locations • Continued socialisation with business partners to incorporate Refinitiv's business into LSEG's Transition Risk models
	Impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	• LSEG's business purpose and commitment to sustainable growth reflects approach and consideration of climate-related risks and opportunities in our products and services and business operations • The EMG works across the business and ensure adequate future planning	• New business purpose gives a strategic anchor to sustainability which is integrated across objectives at all divisions and functions of LSEG
	Resilience of strategy under varying climate-related scenarios.	• Group Risk devised impact pathways to show operations and business exposure amid external changes in climate and weather patterns and subsequent impacts on the business in terms of costs and revenue • Initial modelling shows that temperature rises and weather events would present both risks and opportunities to LSEG's business operations as well as business model	• LSEG's preliminary transition risk model was replicated to a second business unit. Additional work is underway to include Refinitiv's exposure into the model
Reference	Sustainability Policy: **www.lseg.com/investor-relations/sustainability** LSEG 2021 Sustainability Report (Accelerate the just transition to net zero section): **www.lseg.com/investor-relations/sustainability** LSEG 2021 Annual Report (Enabling sustainable growth section) pages 20 to 28 LSEG 2021 TCFD Report: **www.lseg.com/investor-relations/sustainability**		

Enabling sustainable growth continued

Section	TCFD recommendation	LSEG approach	2021 Enhancements
Risk management	Processes for identifying and assessing climate-related risks.	• Our Enterprise Risk Management Framework (ERMF) includes and embeds sustainability risks which are raised and owned by the business	• LSEG's Risk Taxonomy was updated
	Processes for managing climate-related risks.	• Risks are managed day-to-day by business owners with support from Group Risk as second line of defence • Executive Committee and Sustainability Committee have oversight and management of sustainability-related risks and opportunities	• New risks identified by business
	Integration of climate-related risks into overall risk management.	• Climate-related risks are embedded within the ERMF	• Group Risk are represented at every part of our governance structure
Reference	Sustainability Policy: **www.lseg.com/investor-relations/sustainability** LSEG 2021 Sustainability Report (Accelerate the just transition to net zero section): **www.lseg.com/investor-relations/sustainability** LSEG 2021 Annual Report (Enabling sustainable growth section) pages 20 to 28 LSEG 2021 TCFD Report: **www.lseg.com/investor-relations/sustainability**		
Metrics and targets	Metrics to assess climate-related risks and opportunities.	• Accurate data collection in place to support interim targets and facilitate the accurate and timely gathering of data • Strategic external partnerships to drive accountable net zero metrics for the industry	• Data collection tool enhanced to cover new business footprint and ambition • Members of Glasgow Financial Alliance for Net Zero (GFANZ) and Net Zero Financial Service Providers Alliance (NZSPA) with executive representation
	Disclosure of scope 1, scope 2, and scope 3 greenhouse gas (GHG) emissions and the related risks.	• Combined data inventory reflecting legacy business emissions for 2019, 2020 and 2021 has been verified and published	• Data inventory reflects combined business operations and considers reductions/increases impacted by Covid-19
	Targets used to manage climate-related risks and opportunities and performance against targets.	• New science-based targets approved with 2026 and 2030 target dates. We have also set a long-term target to achieve net zero by 2040	• SBTi approved target following re-baselining of data • Internal working groups established to act on emissions reductions
Reference	Sustainability Policy: **www.lseg.com/investor-relations/sustainability** LSEG 2021 Sustainability Report (Accelerate the just transition to net zero section): **www.lseg.com/investor-relations/sustainability** LSEG 2021 Annual Report (Enabling sustainable growth section) pages 20 to 28 LSEG 2021 TCFD Report: **www.lseg.com/investor-relations/sustainability**		

Financial review

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2021 was a strong year for LSEG. We have made great progress on the transformation of our business, building the platform for future growth


Anna Manz
Chief Financial Officer

This financial review covers the financial year ended 31 December 2021 and presents the Group's results for continuing operations on both a 'statutory' and 'pro-forma' basis. Statutory results highlight the results for the year ended 31 December 2021 and include the results from Refinitiv for the 11 months ended 31 December 2021 since the date of acquisition. The Borsa Italiana Group was classified as a discontinued operation once the sale became highly probable on 13 January 2021 and therefore its profits and losses have been separated from the Group's continuing operations for both periods presented. The pro-forma results assume that the acquisition of Refinitiv took place on 1 January 2020. As with the statutory results, the pro-forma view excludes all financial contribution from the Borsa Italiana Group in both periods.

FY 2021 Statutory[1] highlights

Statutory continuing results represent the Group's results prepared in accordance with IFRS as presented in the Financial Statements on pages 127 to 206:

- Refinitiv's results are consolidated from the date of acquisition on 29 January 2021
- The results from the Borsa Italiana Group have been classified as discontinued and excluded from the Group's continuing operations
- Total income excluding recoveries increased to £6,416 million (2020: £2,030 million)
- Operating profit increased to £1,158 million (2020: £562 million)
- Basic earnings per share of 98.4 pence (2020: 83.6 pence)
- Adjusted earnings per share of 286.5 pence (2020: 166.7 pence)
- Total dividend per share of 95.0 pence (2020: 75.0 pence)

Anna Manz
Group Chief Financial Officer
2 March 2022

1 The results for the year ended 31 December 2021 include the results from Refinitiv for 11 months ended 31 December 2021 since the date of acquisition. The Borsa Italiana Group was classified as a discontinued operation once the sale became highly probable on 13 January 2021 and therefore its profits and losses have been separated from the Group's continuing operations for both periods presented

FY 2021 Statutory[1] results

Continuing operations	2021 £m	2020 £m
Data & Analytics	**4,294**	824
Capital Markets	**1,177**	288
Post Trade	**913**	915
Other	**32**	3
Total Income (excl. recoveries)	**6,416**	2,030
Recoveries	**324**	–
Total Income (incl. recoveries)	**6,740**	2,030
Cost of sales	**(862)**	(208)
Gross profit	**5,878**	1,822
Operating expenses before depreciation, amortisation and impairment	**(3,130)**	(917)
Adjusted operating expenses before depreciation, amortisation and impairment [2]	**(2,791)**	(749)
Non-underlying operating expenses before depreciation, amortisation and impairment	**(339)**	(168)
Income from equity investments	**22**	–
Share of loss after tax of associates	**(4)**	(4)
Earnings before interest, tax, depreciation, amortisation and impairment	**2,766**	901
Adjusted earnings before interest, tax, depreciation, amortisation and impairment [2]	**3,105**	1,069
Non-underlying earnings before interest, tax, depreciation, amortisation and impairment	**(339)**	(168)
Adjusted EBITDA Margin [3]	**48.4%**	52.7%
Depreciation, amortisation and impairment	**(1,608)**	(339)
Adjusted depreciation, amortisation and impairment [2]	**(721)**	(180)
Non-underlying depreciation, amortisation and impairment	**(887)**	(159)
Operating profit	**1,158**	562
Adjusted operating profit [2]	**2,384**	889
Non-underlying operating profit	**(1,226)**	(327)
Net finance expense	**(171)**	(70)
Adjusted net finance expense [2]	**(166)**	(57)
Non-underlying net finance expense	**(5)**	(13)
Profit before tax	**987**	492
Adjusted profit before tax	**2,218**	832
Non-underlying profit before tax	**(1,231)**	(340)
Taxation	**(327)**	(138)
Adjusted tax [2]	**(458)**	(186)
Non-underlying tax	**131**	48
Profit for the year (from continuing operations)	**660**	354
Adjusted profit [2]	**1,760**	646
Non-underlying profit	**(1,100)**	(292)
Profit attributable to:		
Equity holders	**529**	293
Underlying	**1,541**	584
Non-underlying	**(1,012)**	(291)
Non-controlling interest	**131**	61
Underlying	**219**	62
Non-underlying	**(88)**	(1)
Continuing basic earnings per share (p) [4]	**98.4**	83.6
Adjusted basic earnings per share (p) [4]	**286.5**	166.7

1 The results for the year ended 31 December 2021 include the results from Refinitiv for 11 months ended 31 December 2021 since the date of acquisition. The Borsa Italiana Group was classified as a discontinued operation once the sale became highly probable on 13 January 2021 and therefore its profits and losses have been separated from the Group's continuing operations for both periods presented

2 The Group reports adjusted operating expenses before depreciation, amortisation and impairment, adjusted earnings before interest, tax, depreciation, amortisation and impairment (EBITDA), adjusted depreciation, amortisation and impairment, adjusted operating profit and adjusted basic earnings per share (EPS). These measures are not measures of performance under IFRS and should be considered in addition to, and not as a substitute for, IFRS measures of financial performance and liquidity. Adjusted performance measures provide supplemental data relevant to an understanding of the Group's financial performance and exclude non-underlying items of income and expense that are material by their size and/or nature. Non-underlying items include:
- amortisation and impairment of goodwill and purchased intangible assets (including customer relationships, trade names, and databases and content, all of which are recognised as a result of acquisitions)
- incremental depreciation and amortisation of the fair value adjustments on tangible assets and intangible assets recognised as a result of acquisitions
- other non-underlying income or expenses not related to day-to-day operations, such as transaction costs related to acquisitions and disposals of businesses, as well as integration costs

3 Adjusted EBITDA margin is Adjusted EBITDA divided by Total Income (excl. Recoveries)

4 Weighted average number of shares used to calculate basic earnings per share and Adjusted basic earnings per share from continuing operations is 538 million (2020: 350 million)

Total income (excluding recoveries) grew to £6,416 million (2020: £2,030 million), primarily as a result of the acquisition and consolidation of Refinitiv as at 29 January 2021.

The acquisition increased Data & Analytics revenues to £4,294 million (2020: £824 million) combined with strong growth in the existing index asset-based business.

The acquisition increased Capital Markets revenues to £1,177 million (2020: £288 million), with the Equities business also performing well.

Post Trade income was unaffected by the acquisition of Refinitiv. Revenues excluding Net Treasury Income (NTI) increased to £706 million (2020: £646 million) with higher revenues in OTC Derivatives, Securities & Reporting and Non-Cash Collateral. NTI fell to £207 million (2020: £269 million) reflecting lower investment returns compared to a strong comparator in 2020.

Recoveries of £324 million (2020: £0 million) relate to fees for third-party content, such as exchange data, that is distributed directly to customers. They form part of the Refinitiv business.

Total income (including recoveries) reached £6,740 million (2020: £2,030 million) reflecting the acquisition of Refinitiv and growth in each of our divisions, partly offset by unfavourable FX movements.

Cost of sales grew to £862 million (2020: £208 million), mainly reflecting the acquisition of Refinitiv. Most of the Refinitiv-related cost of sales sits in Data & Analytics, where costs of £712 million (2020: £66 million) reflect the cost of news, royalties, purchased content, specialist data and exchange data, which are required for the Data & Analytics products.

Operating expenses before depreciation, amortisation and impairment grew to £3,130 million (2020: £917 million) as a result of the acquisition of Refinitiv. Operating expenses mainly relate to employee costs, IT costs and professional fees. Included within operating expenses are £339 million (2020: £168 million) of non-underlying costs which mainly relate to Refinitiv integration and transaction costs.

Income from equity investments of £22 million reflects the dividends from the Group's 5% stake in Euroclear (2020: £0 million).

Share of loss after tax of associates primarily reflects the Group's share of the operating loss of CurveGlobal of £4 million (2020: £4 million share of loss).

Depreciation, amortisation and impairment grew to £1,608 million (2020: £339 million) primarily as a result of the acquisition of Refinitiv, combined with the go-live of projects associated with the investment in product development and infrastructure resiliency, including integration-related investments. Non-underlying depreciation, amortisation and impairment is the incremental depreciation and amortisation of fair value uplifts on assets recognised as a result of acquisitions. The increase is mainly a result of the acquisition of Refinitiv.

Net finance expense / Tax / Non-controlling interest

Net finance costs were £171 million (2020: £70 million), an increase of £101 million on the prior year primarily due to the cost of additional debt associated with the Refinitiv acquisition.

Profit before tax doubled in the year to £987 million (2020: £492 million). The Group incurred a tax charge in the year of £327 million (2020: £138 million). The effective tax rate was 33.1% (2020: 28.1%). The increase in rate mainly reflects the remeasurement of the UK deferred tax liability associated with purchased intangibles.

The underlying effective tax rate was 20.7% (2020: 22.4%). The lower rate reflects the Group's broader geographical mix of pre-tax earnings as a result of the Refinitiv transaction, and a one-time benefit related to the remeasurement of the UK underlying deferred tax assets.

The Group holds material non-controlling interests in LCH group (17%), Turquoise (49%) and, since the acquisition of Refinitiv on 29 January 2021, Tradeweb (49%). Non-controlling interests amounted to £131 million (2020: £61 million) in the year.

Earnings per share

Basic earnings per share from continuing operations was 98.4 pence (2020: 83.6 pence).

Adjusted earnings per share from continuing operations was 286.5 pence (2020: 166.7 pence).

Dividend

The Board is proposing a final dividend of 70.0 pence per share, which together with the interim dividend of 25.0 pence per share paid to shareholders in September 2021, results in a 27% increase in the total dividend to 95.0 pence per share. The final dividend of 70.0 pence per share will be paid on 25 May 2022 to all shareholders on the share register at the record date of 29 April 2022.

DATA & ANALYTICS

FY 2021 Statutory[1] results

Continuing operations	2021 £m	2020 £m
Trading & Banking Solutions	**1,364**	17
Trading	**1,079**	–
Banking	**285**	17
Enterprise Data Solutions	**1,050**	128
Real-Time Data	**675**	81
PRS	**375**	47
Investment Solutions	**1,117**	679
Benchmark Rates, Indices & Analytics	**512**	443
Index – Asset-Based	**253**	225
Data & Workflow	**352**	11
Wealth Solutions	**433**	–
Advisor & Investor Services	**257**	–
Operations Management (BETA)	**176**	–
Customer & Third-Party Risk Solutions	**330**	–
Total Revenue (excl. recoveries)	**4,294**	824
Recoveries	**324**	–
Total Revenue (incl. recoveries)	**4,618**	824
Cost of sales	**(712)**	(66)
Gross Profit	**3,906**	758
Adjusted operating expenses before depreciation, amortisation and impairment	**(1,909)**	(288)
Adjusted earnings before interest, tax, depreciation, amortisation and impairment	**1,997**	470
Depreciation, amortisation and impairment	**(522)**	(51)
Adjusted operating profit	**1,475**	419
Adjusted EBITDA Margin	46.5%	57.0%

1 The results for the year ended 31 December 2021 include the results from Refinitiv for 11 months ended 31 December 2021 since the date of acquisition. The Borsa Italiana Group was classified as a discontinued operation once the sale became highly probable on 13 January 2021 and therefore its profits and losses have been separated from the Group's continuing operations for both periods presented

Data & Analytics provides high value data, analytics, indices, workflow solutions and data management capabilities. The division is split into five areas to address the different needs of our customers. Total revenue excluding recoveries grew to £4,294 million (2020: £824 million) primarily as a result of the acquisition of Refinitiv.

Trading & Banking Solutions revenues increased to £1,364 million (2020: £17 million), due to the Refinitiv acquisition. This business provides data and content, analytics and workflow solutions, delivered through human-readable channels.

Enterprise Data Solutions provides data feed solutions for the delivery of financial market data, reference data and evaluated pricing in a computer-readable form. It generated £1,050 million (2020: £128 million) of revenue in the year, with growth as a result of the Refinitiv acquisition.

Investment Solutions revenues increased to £1,117 million (2020: £679 million) largely as a result of the Refinitiv acquisition. The acquisition added FX benchmark rates and additional data and workflow solutions for the investment community. As well as the impact of the Refinitiv acquisition, Benchmark Rates, Indices & Analytics revenue grew well, and Asset-based revenues increased reflecting a strong recovery in asset valuations; this drove growth despite the headwind associated with the weakening US dollar.

Wealth Solutions joined LSEG through the Refinitiv acquisition and contributed £433 million of revenue in 2021 (2020: £0 million). This business provides solutions across the wealth management process, including on-screen services, data and securities processing.

Customer and Third-Party Risk Solutions also joined LSEG through the Refinitiv acquisition and contributed £330 million of revenue in 2021 (2020: £0 million). This business provides solutions for the prevention of financial crime, due diligence data and analytics, and digital identity verification services.

Cost of sales of £712 million (2020: £66 million) reflects the cost of purchased content and royalties, including news, specialist data and exchange data, which are required for the Data & Analytics products.

Adjusted operating expenses before depreciation, amortisation and impairment increased to £1,909 million (2020: £288 million) due to the acquisition of Refinitiv, reflecting the costs associated with the Refinitiv headcount, technology platforms and real estate, together with other operating expenses.

Adjusted depreciation, amortisation and impairment increased to £522 million (2020: £51 million).

Adjusted operating profit increased to £1,475 million (2020: £419 million).

CAPITAL MARKETS

FY 2021 Statutory[1] results

Continuing operations	2021 £m	2020 £m
Equities	**241**	227
FX	**204**	–
Fixed Income, Derivatives & Other	**732**	61
Total Revenue	**1,177**	288
Cost of sales	**(27)**	(5)
Gross Profit	**1,150**	283
Adjusted operating expenses before depreciation, amortisation and impairment	**(537)**	(144)
Adjusted earnings before interest, tax, depreciation, amortisation and impairment	**613**	139
Depreciation, amortisation and impairment	**(112)**	(39)
Adjusted operating profit	**501**	100
Adjusted EBITDA Margin	**52.1%**	48.3%

1 The results for the year ended 31 December 2021 include the results from Refinitiv for 11 months ended 31 December 2021 since the date of acquisition. The Borsa Italiana Group was classified as a discontinued operation once the sale became highly probable on 13 January 2021 and therefore its profits and losses have been separated from the Group's continuing operations for both periods presented

Capital Markets provides businesses with access to capital through issuance and offers secondary market trading for equities, fixed income and foreign exchange (FX). Total revenue was £1,177 million (2020: £288 million) with the increase primarily reflecting the addition of both the Refinitiv FX business and Tradeweb.

Equities revenue, which encompasses both our Primary & Secondary Equity Markets, increased to £241 million (2020: £227 million). Within Primary Markets, the number of new issues more than doubled year on year, representing the strongest primary listing activity for over 10 years. Secondary markets volumes were down 8% whilst revenues remained broadly in line as orderbook yield increased.

FX joined LSEG through the Refinitiv acquisition and contributed £204 million of revenue in 2021 (2020: £0 million). This business provides electronic trading, workflow and data to the institutional foreign exchange community.

Fixed Income, Derivatives & Other revenues increased to £732 million (2020: £61 million) mainly as a result of the consolidation of Tradeweb revenues. Tradeweb builds and operates electronic marketplaces for rates, credit, equities and money markets.

Cost of sales increased to £27 million (2020: £5 million) reflecting the cost of sales within the Tradeweb business.

Adjusted operating expenses before depreciation, amortisation and impairment increased to £537 million (2020: £144 million) due to the addition of the Refinitiv FX business and Tradeweb, reflecting the costs associated with the related headcount, technology platforms and real estate, as well as other operating expenses.

Adjusted depreciation, amortisation and impairment increased to £112 million (2020: £39 million).

Adjusted operating profit increased to £501 million (2020: £100 million).

POST TRADE

FY 2021 Statutory[1] results

Continuing operations	2021 £m	2020 £m
OTC Derivatives	**358**	334
Securities & Reporting	**253**	230
Non-Cash Collateral	**95**	82
Total Revenue	**706**	646
Net Treasury Income	**207**	269
Total Income	**913**	915
Cost of sales	**(123)**	(137)
Gross Profit	**790**	778
Adjusted operating expenses before depreciation, amortisation and impairment	**(331)**	(309)
Adjusted earnings before interest, tax, depreciation, amortisation and impairment	**459**	469
Depreciation, amortisation and impairment	**(97)**	(90)
Adjusted operating profit	**362**	379
Adjusted EBITDA Margin	**50.3%**	51.3%

1 The results for the year ended 31 December 2021 include the results from Refinitiv for 11 months ended 31 December 2021 since the date of acquisition. The Borsa Italiana Group was classified as a discontinued operation once the sale became highly probable on 13 January 2021 and therefore its profits and losses have been separated from the Group's continuing operations for both periods presented

Post Trade provides clearing, risk management, capital optimisation and regulatory reporting solutions. The results of the Post Trade business were not impacted by the acquisition of Refinitiv.

Total revenue was £706 million (2020: £646 million) and total income, including Net Treasury Income, was £913 million (2020: £915 million). LCH, the leading clearing franchise within Post Trade achieved record clearing volumes in 2021. Reported revenue was adversely impacted by £13 million due to the strengthening of Sterling during the period.

OTC Derivatives revenues increased to £358 million (2020: £334 million), driven by a strong performance in SwapClear client clearing. During Q4 the emergence of the Omicron variant together with central bank interest rate decisions significantly increased client clearing volumes. Q4 also benefited from additional one-off revenues relating to reference rate reform.

Securities & Reporting revenues increased to £253 million (2020: £230 million) reflecting record volumes resulting from Euro debt issuance and market share gain.

Non-Cash Collateral revenues increased to £95 million (2020: £82 million), as a result of commercial policy changes and strong volumes.

Net Treasury Income (NTI) decreased to £207 million (2020: £269 million) reflecting lower investment returns compared with a strong comparator in 2020.

Cost of sales decreased to £123 million (2020: £137 million) reflecting lower NTI, which impacted the SwapClear revenue share agreement.

Adjusted operating expenses excluding depreciation, amortisation and impairment increased to £331 million (2020: £309 million). Depreciation, amortisation and impairment increased to £97 million (2020: £90 million) driven by our continued investment in our infrastructure and commitment to resilience.

Adjusted operating profit decreased to £362 million (2020: £379 million).

Cash Flow Statement / Balance Sheet

The Group's business continued to be strongly cash generative during the year, with cash generated from continuing operations of £3,177 million (2020: £1,137 million). Cash outflows for purchases of property, plant and equipment, and intangibles amounted to £662 million (2020: £196 million) with the increase mainly reflecting the impact of Refinitiv. Capital expenditure on an accrued basis (excluding additions on Right-of-Use assets such as property leases) amounted to £722 million (2020: £245 million).

Cash generation, after organic and inorganic investments and other normal course payment obligations, was positive, contributing to cash and cash equivalents growing from £1,785 million as at 31 December 2020 to £2,665 million as at 31 December 2021.

As at 31 December 2021, the Group had net assets of £25,519 million (2020: £4,125 million), with the growth being driven by the acquisition of Refinitiv.

Year-on-year performance / synergies and investment

In this section we report on the year-on-year performance of the business. As 2021 growth rates are impacted by the acquisition of Refinitiv, as well as currency movements, we show the pro-forma figures and associated growth rates. The pro-forma results assume that the acquisition of Refinitiv took place on 1 January 2020. For a reconciliation of the Group's profit for the year to the pro-forma profit for the year refer to the Appendix of this Financial Review. As with the statutory results, the pro-forma view excludes all financial contribution from the Borsa Italiana Group in both periods.

Variances are provided on a pro-forma and constant currency basis. Unless otherwise stated, commentary is provided on the constant currency variance (excluding a deferred revenue adjustment arising on the acquisition of Refinitiv) to provide insight into performance on a comparable basis.

Constant currency variance is calculated on the basis of consistent FX rates applied across the current and prior year. The conversions are from the transactional values, which eliminates any transactional and translational movements along with any related accounting adjustments.

Pro-forma Highlights

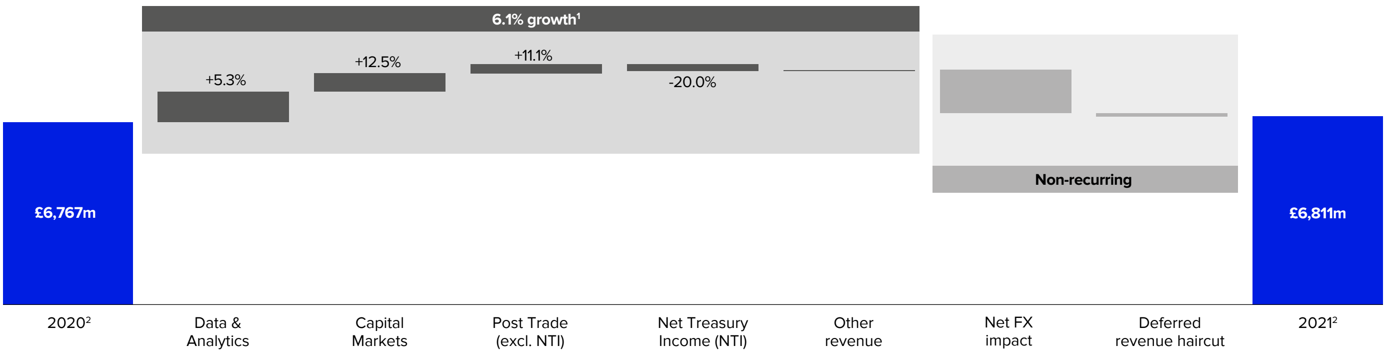
- Strong performance across all divisions with income excluding recoveries of £6,811 million up 6.1%, and ahead of guidance of 4-5%
- Gross profit of £6,242 million up 6.3%
- Adjusted operating expenses before depreciation, amortisation and impairment of £2,977 million were up 4.8%, slightly lower than guided
- Adjusted EBITDA increased to £3,283 million up 8.3%
- Adjusted EBITDA margin of 48.2% (2020: 46.3%) increased by 190 basis points
- Adjusted operating profit increased to £2,509 million up 8.5%
- AEPS of 286.7 pence (2020: 195.7 pence)
- Leverage increased to 1.9x net debt/EBITDA (2020: 1.1x); within our target range

Continuing operations	***Pro-forma* underlying**[1]				
	2021 £m	**2020 £m**	***Pro-forma* Variance**[2] **%**	**Constant Currency Variance**[3] **%**	**Constant Currency Variance (excl. deferred revenue adjustment)**[3,4] **%**
Data & Analytics	**4,609**	4,653	(0.9)	4.8	5.3
Capital Markets	**1,255**	1,170	7.3	12.5	12.5
Post Trade	**913**	915	(0.2)	2.0	2.0
Other	**34**	29	17.2	21.5	21.5
Total Income (excl. recoveries)	**6,811**	6,767	0.7	5.8	6.1
Recoveries	**354**	338	4.7	(0.8)	(0.3)
Total Income (incl. recoveries)	**7,165**	7,105	0.8	5.5	5.8
Cost of sales	**(923)**	(946)	(2.4)	3.0	3.0
Gross profit	**6,242**	6,159	1.3	5.9	6.3
Adjusted operating expenses before depreciation, amortisation and impairment[5]	**(2,977)**	(3,023)	(1.5)	4.8	4.8
Income from equity investments	**22**	–	–	–	–
Share of loss after tax of associates	**(4)**	(4)	–	3.1	3.1
Adjusted earnings before interest, tax, depreciation, amortisation and impairment[5]	**3,283**	3,132	4.8	7.5	8.3
Adjusted EBITDA Margin[6]	**48.2%**	46.3%	–	–	–
Adjusted depreciation, amortisation and impairment[5]	**(774)**	(747)	3.6	7.6	7.6
Adjusted operating profit[5]	**2,509**	2,385	5.2	7.5	8.5
Adjusted net finance expense	**(206)**	(569)	(63.8)		
Adjusted profit before tax[5]	**2,303**	1,816	26.8	–	–
Adjusted tax[5]	**(480)**	(555)	(13.5)	–	–
Adjusted profit for the year[5]	**1,823**	1,261	44.6	–	–
Profit attributable to:					
Equity holders	**1,595**	1,087	46.7	–	–
Non-controlling interest	**228**	174	31.0	–	–
Adjusted basic earnings per share (p)[7]	**286.7**	195.7	46.5	–	–

1 The pro-forma results assume that the acquisition of Refinitiv took place on 1 January 2020. The Borsa Italiana Group was classified as a discontinued operation once the sale became highly probable on 13 January 2021 and therefore its profits and losses have been excluded from the Group's continuing operations for both years presented
2 Pro-forma variance is the difference between current and prior year on a pro-forma basis, using the average exchange rate for the respective period, therefore any changes in the exchange rates are also reflected in the variance along with business performance
3 Constant currency variance shows financial performance, excluding currency impacts, by comparing the current and prior year at consistent exchange rates
4 As a result of the acquisition of Refinitiv and the associated accounting rules, Refinitiv's deferred revenue balances were subject to a one-time haircut at the time of acquisition. This is a non-cash adjustment. The negative revenue impact was mostly in Q1 2021 at approximately £22 million, with an additional £1 million in Q2, £1 million in Q3 and £1 million in Q4. The impact is mostly in the Group's Data & Analytics division, with a much smaller impact on the Group's FX venues business in Capital Markets. There will be no impact in 2022. An adjusted variance, excluding the deferred revenue adjustment, has been presented to show business growth on a comparable basis to the prior year.
5 Before non-underlying items
6 Adjusted EBITDA margin is Adjusted EBITDA divided by Total Income (excl. Recoveries)
7 Weighted average number of shares used to calculate Adjusted basic earnings per share on a *pro-forma* underlying basis is 556 million

Pro-forma income

All variances for income are on a *pro-forma* and constant currency basis, excluding a deferred revenue adjustment.



1 Growth is on a constant currency basis excluding the impact of the deferred revenue accounting adjustment
2 *Pro-forma* Total income (excluding recoveries)

Total income (excluding recoveries) grew 6.1% in the year, with strong performances across all three divisions, despite the headwind of exceptional NTI in the prior year.

Data & Analytics revenue (excluding recoveries) grew 5.3% with strong sales performance and high retention rates in the subscription-based businesses, combined with strong growth in the asset-based business within Investment Solutions, and high organic and inorganic growth in Customer & Third-Party Risk.

Capital Markets revenue grew 12.5%, largely driven by Tradeweb where increasing electronification of the Fixed Income market and market volatility drove record volumes. The Equities and FX businesses also performed well.

Post Trade revenue excluding NTI grew 11.1% driven primarily by strong performances at SwapClear and RepoClear, with both high volumes in the year (as a result of market volatility) and continued focus on addressing the needs of our customers.

Net Treasury Income was down 20.0% on 2020, reflecting lower investment returns in 2021 compared to the exceptional market conditions in 2020.

The Group continues to expect the 2020-23 CAGR for the growth of income excluding recoveries to be in the 5-7% range.

Progress to date on revenue synergies from the Refinitiv acquisition is in line with expectation. Run-rate revenue synergies of £15 million were delivered in 2021. This was primarily through the cross sell of our Pricing & Reference Services (PRS) products and reflecting the launch of 48 new products for the combined Group, representing c.25% of planned revenue synergy-related projects. We expect £40-60 million of run-rate revenue synergies by the end of 2022.

Pro-forma income by type

Year ended 31 December **Continuing operations**	**Pro-forma[1]**				
	2021 **£m**	**2020** **£m**	**Pro-forma Variance[2]** **%**	**Constant Currency Variance[3]** **%**	**Constant Currency Variance (excl. deferred revenue adjustment)[3,4]** **%**
Recurring[5]	**4,976**	4,952	0.5	4.0	4.5
Transactional[6]	**1,594**	1,517	5.1	15.9	15.9
Net Treasury Income	**207**	269	(23.0)	(20.0)	(20.0)
Other income	**34**	29	17.2	21.5	21.5
Total Income (excl. recoveries)	**6,811**	6,767	0.7	5.8	6.1
Recoveries	**354**	338	4.7	(0.8)	(0.3)
Total Income (incl. recoveries)	**7,165**	7,105	0.8	5.5	5.8

1 The pro-forma results assume that the acquisition of Refinitiv took place on 1 January 2020. The Borsa Italiana Group was classified as a discontinued operation once the sale became highly probable on 13 January 2021 and therefore its profits and losses have been separated from the Group's continuing operations for both periods presented
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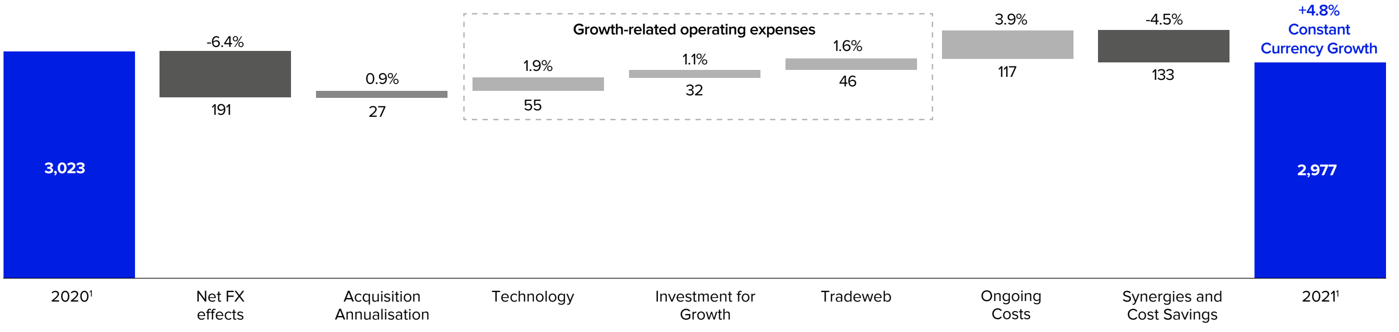
5 Recurring revenues primarily represent revenues earned under contractually renewable or highly predictable customer contracts such as subscriptions, membership, annual tariff fees and other participation fees that are generally recognised on a pro-rata basis over the service period.
6 Transactional revenues primarily represent fees earned on products and services where our contractual terms do not indicate recurring revenue, including volume-based trading fees on our markets. However, within this revenue type we often see consistent, recurring activity

Pro-forma adjusted operating expenses

All variances for operating expenses are on a *pro-forma* and constant currency basis.



1 *Pro-forma* adjusted operating expenses before depreciation, amortisation and impairment

Pro-forma adjusted operating expenses before depreciation, amortisation and impairment were £2,977 million (2020: £3,023 million), an increase of 4.8% on a constant currency basis. This was slightly better than the c.5% guidance provided in the Interim results.

With our total income growing faster than our costs, Pro-forma adjusted earnings before interest, tax, depreciation, amortisation and impairment increased 8.3% to £3,283 million (2020: £3,132 million).

The cost base grew by £27 million due to the annualisation and growth of costs associated with acquisitions made by Refinitiv in Q4 2020.

Cost growth also reflects the investments being made to improve the scalability, resiliency and agility of the business, deliver the revenue synergies and support the high growth at Tradeweb.

Ongoing cost growth reflects inflation and higher performance-related people costs, partly offset by the impact of Covid restrictions, which continued to suppress the cost base in 2021, with lower spend on travel and savings on facilities costs. This is expected to be a temporary benefit, with some of these costs expected to increase with the easing of restrictions in the coming year.

Our cost transformation programmes delivered £133 million of in-year cost savings, of which £97 million related to the Group's synergy initiatives and the remainder related to the annualisation of Refinitiv's cost-saving programme that completed in 2020.

The Group delivered run-rate cost synergies of £151 million by the end of 2021, above the original £88 million run-rate target for the first year following the Refinitiv acquisition and greater than the £125 million guidance provided in the Interim results. These synergies have been delivered through role restructuring, optimisation of 27 properties, decommissioning three data centres and contract renegotiations with 23 strategic suppliers.

Looking ahead, the Group continues to expect adjusted operating expenses (before depreciation, amortisation and impairment) to grow at a low single digit rate in 2022 and 2023. We expect to see the ongoing impact of inflation and the return of some costs previously suppressed by Covid restrictions. We also expect cost growth in order to deliver our revenue synergies, drive organic growth and as we continue to improve the scalability of our business. These increases will be partly offset by the benefit of cost synergies from the Refinitiv acquisition and other efficiency programmes.

In the year since acquiring Refinitiv, we have been able to identify further savings and efficiencies and have increased our cost synergies by an additional £50 million, in addition to the £350 million initially targeted.

This means our five-year cost synergy programme will now deliver at least £400 million of run-rate savings by the end of 2025. The additional savings are being delivered through property rationalisation and process simplification and will support ongoing work to create a more seamless customer experience.

The additional £50 million run-rate does not impact our cost guidance of low single digit growth in 2022 and 2023 and the benefit will primarily impact in 2024 and 2025. This year we expect to deliver c.£70 million run-rate synergies, bringing the total to c.£220 million run-rate delivered by the end of 2022, representing over 60% of our original £350 million cost synergy programme.

We anticipate costs to achieve the incremental £50 million cost synergy benefits to be around £225 million. This reflects project-specific characteristics, such as the relatively high costs incurred with exiting multi-year property leases in order to optimise our property portfolio. The overall one-time cost to achieve the £400 million of savings is expected to be £775 million, or 1.9x the recurring synergy benefit. This reduces to £642 million, or 1.6x, when including a gain from an associated property disposal.

Below is a summary of our revenue and cost synergy programmes delivery in 2021 and the associated cost to achieve.

Synergies and cost to achieve	FY 2021 £m
Revenue Synergies	
Run-rate realised	15
Cost to achieve	74
of which:	
Capital expenditure	40
Non-underlying operating expenses	34
Cost synergies	
Run-rate realised	151
In-period benefit	97
Cost to achieve	217
of which:	
Capital expenditure	46
Non-underlying operating expenses	171

Note: Synergies and cost to achieve £ million values are on a constant currency basis to allow comparison with the guidance provided

Pro-forma Capital Expenditure and Pro-forma Depreciation, Amortisation and Impairment

Pro-forma Capital Expenditure[1] was £780 million in the year, with £671 million of investment in business-as-usual initiatives and £109 million of integration-related investment. The £109 million of integration-related investment includes £86 million of cost to achieve capital expenditure as well as separation costs related to the divestment of the Borsa Italiana Group. We expect capital expenditure in 2022 and 2023 to be within the target £650-700 million range for business-as-usual initiatives, with additional integration-related investment, in line with previous guidance.

Pro-forma Depreciation, Amortisation and Impairment was £774 million (2020: £747 million), growth of 7.6%. The increase reflects the go-live of projects associated with the investment in product development and infrastructure resiliency, including integration-related investments.

Depreciation, Amortisation and Impairment is expected to increase in 2022, reflecting additional depreciation associated with integration-related investments and technology initiatives. Depending on the timing of capital purchases in the coming period, it is expected to be c.£820m.

1 Capital expenditure on a pro-forma constant currency accrued basis excluding additions of Right-of-Use assets such as property leases

DIVISIONAL YEAR-ON-YEAR PERFORMANCE AND KPIs
DATA & ANALYTICS

Pro-forma results[1]

	2021 £m	2020 £m	Variance[2] %	Constant Currency Variance[3] %	Constant Currency Variance (excl. deferred revenue adjustment)[3,4] %
Trading & Banking Solutions	**1,489**	1,596	(6.7)	(0.9)	(0.3)
Trading	**1,180**	1,273	(7.3)	(1.4)	(0.9)
Banking	**309**	323	(4.3)	1.1	1.7
Enterprise Data Solutions	**1,135**	1,163	(2.4)	3.1	3.7
Real-Time Data	**730**	766	(4.7)	1.1	1.8
PRS	**405**	397	2.0	7.0	7.5
Investment Solutions	**1,152**	1,111	3.7	9.0	9.4
Benchmark Rates, Indices & Analytics	**516**	495	4.2	9.3	9.4
Index-Asset-Based	**253**	225	12.4	19.1	19.1
Data & Workflow	**383**	391	(2.0)	2.8	3.7
Wealth Solutions	**474**	500	(5.2)	0.8	1.0
Advisor & Investor Services	**281**	278	1.1	3.8	4.1
Operations Management (BETA)	**193**	222	(13.1)	(3.3)	(3.3)
Customer & Third-Party Risk Solutions	**359**	283	26.9	33.7	34.6
Total Revenue (excl. recoveries)	**4,609**	4,653	(0.9)	4.8	5.3
Recoveries	**354**	338	4.7	(0.8)	(0.3)
Total Revenue (incl. recoveries)	**4,963**	4,991	(0.6)	4.4	4.9
Cost of sales	**(771)**	(788)	(2.2)	3.6	3.6
Gross Profit	**4,192**	4,203	(0.3)	4.5	5.1
Adjusted operating expenses before depreciation, amortisation and impairment	**(2,058)**	(2,135)	(3.6)	3.0	3.0
Adjusted earnings before interest, tax, depreciation, amortisation and impairment	**2,134**	2,068	3.2	6.1	7.3
Depreciation, amortisation and impairment	**(569)**	(559)	1.8	6.1	6.1
Adjusted operating profit	**1,565**	1,509	3.7	6.1	7.7
Adjusted EBITDA Margin	**46.3%**	44.4%			

Non-financial KPIs[1]

	2021	2020	Variance[2] %
Annual Subscription Value Growth %[5]	**4.6%**	–	–
Subscription revenue growth %[6]	**3.5%**	–	–
Index – ETF AUM ($bn)	**1,138**	869	31.0
Index – ESG Passive AUM ($bn)[7]	**167**	63	165.1
Beta transaction volumes (m)	**547**	540	1.3

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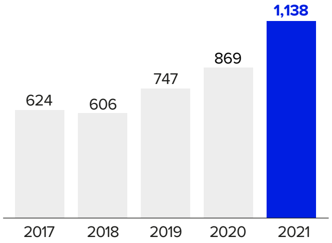
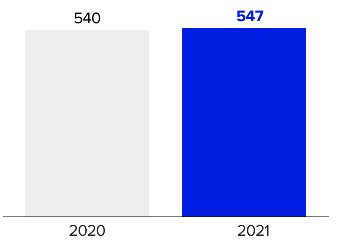
5 The variance is a constant currency variance adjusted for acquisitions and disposals
6 The variance is a constant currency variance excluding the impact of the deferred revenue accounting adjustment
7 ESG Passive AUM is at 30 June 2021 and prior period comparator is at 30 June 2020. The metric is updated bi-annually





Data & Analytics: pro-forma revenues excluding recoveries increased 5.3%
Data & Analytics provides high value data, analytics, indices, workflow solutions and data management capabilities. The division is split into five areas to address the different needs of our customers. Total revenue (excluding recoveries) was £4,609 million (2020: £4,653 million).

Trading & Banking Solutions' revenues decreased only marginally by 0.3%. This is an improvement in performance over recent years and has been driven by good retention in our premium desktop business. The Banking business benefitted from improved sales and retention as we continue to invest in modernising our platforms.

Enterprise Data Solutions' revenues increased by 3.7%. Steady growth in Pricing & Reference Services (PRS) was driven by the addition of new data to better meet our customers' needs as well as the benefit of initial revenue synergies. The Real Time business is growing helped by improved customer retention. Additionally, offering data from the cloud is helping grow our customer base in new segments.

Investment Solutions' revenues increased by 9.4%. Benchmark Rates, Indices & Analytics revenue growth was primarily driven by increased demand for FTSE-Russell products with existing clients. Asset-based revenues increased, reflecting a strong recovery in asset valuations and ETF AUMs surpassing $1 trillion. Data & Workflow revenues increased primarily driven by improved retention and sales of our quantitative analytics data products.

Wealth Solutions' revenues increased by 1.0%. The Advisor & Investor Services business grew, benefitting from our digital content offerings, partly offset by the loss of a large client in the period. Operations Management (BETA) delivered an increase in trading volumes in the year but shows a decline in revenue due to the impact of a one-time professional services engagement that occurred in 2020.

Customer & Third-Party Risk Solutions' revenues increased by 34.6%, primarily driven by the acquisition of the GIACT and Red Flag businesses in 2020, as well as strong organic growth in our World-Check, Digital Identity and Due Diligence businesses.

Cost of sales increased by 3.6%, driven by the acquisition of the GIACT business, higher data fees, and an increase in payments to FTSE-Russell business partners (in line with index subscription revenues).

Adjusted operating expenses excluding depreciation, amortisation and impairment increased by 3.0% whilst depreciation, amortisation and impairment increased 6.1%.

Operational Highlights
- Annualised Subscription Value (ASV)[1] growth of 4.6% at the end of 2021 driven by high product retention rates and new business growth
- Currently around a quarter of the way through the implementation of Workspace, with positive customer feedback, improved customer engagement scores, and new sales; approximately half-way through in Banking
  - Trading & Banking Solutions Workspace for FX launched and tested with customers; upgrades to begin in 2022
  - Workspace for Analysts and Portfolio managers (within Investment Solutions) launched; further deployment in 2022
  - In Wealth Solutions, Workspace for Wealth has been well received by customers with additional new wins around the globe
- Continuing investment in the data platform; a single, consistent data experience, making it easier for customers and partners to access, distribute and develop with LSEG or in the cloud
- Good progress on revenue synergy delivery, with 46 new Indices and other product capabilities launched
- Seeing immediate benefits as a result of the Refinitiv acquisition from bringing enhanced capabilities to our customers with the combination of Yieldbook analytics, our Fixed Income and Multi-Asset Indices business, and PRS. This is aiding retention and assisting with cross-sell across our combined customer base
- Refinitiv integration activities on track in our Customer & Third-Party Risk Solutions business. We integrated our World-Check and Qual ID solutions into the GIACT platform and secured our first sales. Launched new third party data product in our Customer Due Diligence business, combining Red Flag and World-Check content sets
- In November 2021, we completed the sale of the Enterprise Risk Management Technology (ERMT) business. This business sat within Customer and Third-Party Risk and contributed £11 million of revenue in the year

1 The variance is a constant currency variance adjusted for acquisitions and disposals

CAPITAL MARKETS

Pro-forma[1]

	2021 £m	2020 £m	Variance[2] %	Constant Currency Variance[3] %	Constant Currency Variance (excl. deferred revenue adjustment)[3,4] %
Equities	**241**	227	6.2	5.1	5.1
FX	**223**	234	(4.7)	2.3	2.4
Fixed Income, Derivatives & Other	**791**	709	11.6	18.2	18.2
Total Revenue	**1,255**	1,170	7.3	12.5	12.5
Cost of sales	**(29)**	(26)	11.5	16.9	16.9
Gross Profit	**1,226**	1,144	7.2	12.4	12.4
Adjusted operating expenses before depreciation, amortisation and impairment	**(574)**	(571)	0.5	9.6	9.6
Adjusted earnings before interest, tax, depreciation, amortisation and impairment	**652**	573	13.8	14.7	14.8
Depreciation, amortisation and impairment	**(117)**	(97)	20.6	25.7	25.7
Adjusted operating profit	**535**	476	12.4	12.6	12.6
Adjusted EBITDA Margin	**52.0%**	49.0%			

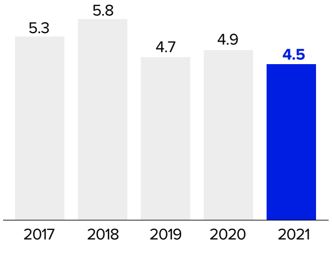
Non-financial KPIs[1]

	2021	2020	Variance %
Equities			
Primary Markets			
New issues	**174**	86	102.3
Total money raised (£bn)	**34.8**	43.2	(19.4)
Secondary Markets – Equities			
UK Value Traded (£bn) – Average Daily Value	**4.5**	4.9	(8.2)
SETS Yield (bps)	**0.73**	0.71	2.8
FX			
Average daily total volume ($bn)	**443**	429	3.3
Fixed income, Derivatives and Other			
Tradeweb Average Daily ($m)			
Rates – Cash	**345,008**	319,514	8.0
Rates – Derivatives	**293,655**	211,716	38.7
Credit – Cash	**9,297**	7,608	22.2
Credit – Derivatives	**12,235**	14,492	(15.6)

1 The pro-forma results assume that the acquisition of Refinitiv took place on 1 January 2020. The Borsa Italiana Group was classified as a discontinued operation once the sale became highly probable on 13 January 2021 and therefore its profits and losses have been separated from the Group's continuing operations for both periods presented
2 Variance is the difference between current and prior year on a pro-forma basis, using the average exchange rate for the respective period, therefore any changes in the exchange rates are also reflected in the variance along with business performance
3 Constant currency variance shows financial performance, excluding currency impacts, by comparing the current and prior year at consistent exchange rates
4 As a result of the acquisition of Refinitiv and the associated accounting rules, Refinitiv's deferred revenue balances are subject to a one-time haircut at the time of acquisition. This is a non-cash adjustment. The negative revenue impact is mostly in Q1 2021 at approximately £22 million, with an additional £1 million in Q2, £1 million in Q3 and £1 million in Q4. The impact is mostly in the Group's Data & Analytics division, with a much smaller impact on the Group's FX venues business in Capital Markets. There will be no impact in 2022. An adjusted variance, excluding the deferred revenue adjustment, has been presented to show business growth on a comparable basis to the prior year

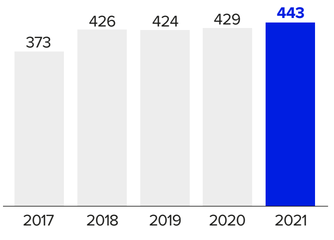
LSE – Average daily value traded

(£ billion)

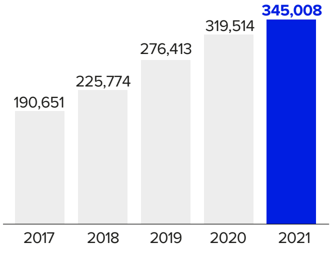


FX – Average daily total volume

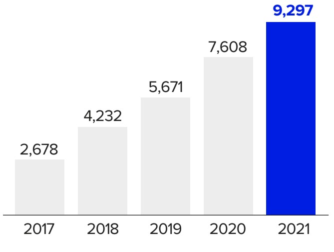
(US$ billion)



Tradeweb average daily rates – cash (US$ million)



Tradeweb average daily credit – cash (US$ million)



Capital Markets: pro-forma revenues increased 12.5%
Capital Markets provides businesses with access to capital through issuance and offers secondary market trading for equities, fixed income and foreign exchange (FX). Total revenue was £1,255 million (2020: £1,170 million).

Equities revenues increased by 5.1%. Within Primary Markets, the number of new issues more than doubled year on year, representing the strongest primary listing activity for over 10 years. Secondary markets volumes were down 8.2% whilst revenues remained broadly in line as orderbook yield increased.

FX revenues increased by 2.4%. FX revenue is linked to transaction fees for average daily traded volumes, which increased 3.3% to $443 billion (2020: $429 billion). Strong volumes in dealer-to-client (FXall) have driven growth, reflecting the investment in new product capabilities, our customer relationships and better customer service. Growth was partially offset by a decline in the dealer-to-dealer Matching service revenue, as anticipated until the re-platforming is complete.

Fixed Income, Derivatives & Other revenues increased 18.2%. Tradeweb delivered record revenues, driven by average daily trading volume of more than $1 trillion including record activity across a number of asset classes. Notably, Credit Cash volumes were up 22.2% and Rates Cash volumes were up 8.0%.

Cost of sales increased to £29 million (2020: £26 million) driven primarily by the revenue growth in Tradeweb.

Adjusted operating expenses excluding depreciation, amortisation and impairment increased by 9.6% driven largely by Tradeweb growth. Depreciation, amortisation and impairment increased by 25.7% reflecting investment in future growth and continued investment in our infrastructure.

Operational Highlights

- Successful migration of market liquidity to Turquoise Europe with total average daily value traded above 2020 across Turquoise orderbooks
- The planned transition of FX Matching onto LSEG proprietary trading technology has continued to make good progress and is on course for initial delivery in 2023
- Following a strategic review of the CurveGlobal business, LSEG and other shareholders decided to wind the company down with derivative contract trading ceasing on 28 January 2022
- FXall is now integrated with ForexClear, allowing clients to complete their workflow by clearing via ForexClear, providing benefit across the FX value chain
- London Stock Exchange remains the number one exchange in Europe based on number of IPOs and equity capital raised. 2021 saw record retail participation in New and Further Equity capital raises on markets
- London Stock Exchange is leading in supporting Green Issuers with 116 equity issuers (with a combined market cap of over $200 billion) now having the Green Economy Mark
- Tradeweb became the largest electronic trading platform for US Treasuries. As rates volatility increased there was a global resurgence in swaps market activity and within credit, we continued to grow our market share and notional volumes with strong client demand for automation

POST TRADE

Pro-forma[1]

	2021 £m	2020 £m	Variance[2] %	Constant Currency Variance[3] %
OTC Derivatives	**358**	334	7.2	8.9
Securities & Reporting	**253**	230	10.0	12.0
Non-Cash Collateral	**95**	82	15.9	17.8
Total Revenue	**706**	646	9.3	11.1
Net Treasury Income	**207**	269	(23.0)	(20.0)
Total Income	**913**	915	(0.2)	2.0
Cost of sales[4]	**(123)**	(132)	(6.8)	(3.9)
Gross Profit	**790**	783	0.9	3.0
Adjusted operating expenses before depreciation, amortisation and impairment	**(331)**	(309)	7.1	8.0
Adjusted earnings before interest, tax, depreciation, amortisation and impairment	**459**	474	(3.2)	(0.3)
Depreciation, amortisation and impairment	**(97)**	(90)	7.8	9.0
Adjusted operating profit	**362**	384	(5.7)	(2.5)
Adjusted EBITDA Margin	**50.3%**	51.8%		

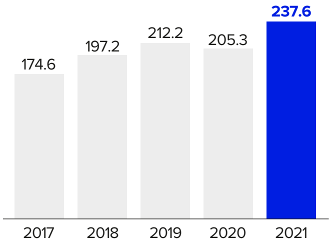
Non-financial KPIs[1]

	2021	2020	Variance %
OTC			
SwapClear			
IRS notional cleared ($trn)	**921**	1,058	(12.9)
SwapClear members	**123**	122	0.8
Client trades ('000)	**2,180**	1,784	22.2
Client average 10-year notional equivalent ($trn)	**4.2**	3.7	13.5
ForexClear			
Notional value cleared ($bn)	**21,670**	18,986	14.1
ForexClear members	**35**	35	0.0
CDSClear			
Notional cleared (€bn)	**2,283**	2,425	(5.9)
CDSClear members	**25**	26	(3.8)
Securities & Reporting			
EquityClear trades (m)[5]	**1,996**	1,963	1.7
Listed derivatives contracts (m)	**285.8**	341.0	(16.2)
RepoClear – nominal value (€trn)	**237.6**	205.3	15.7
Non-Cash Collateral			
Average non-cash collateral (€bn)	**165.5**	161.1	2.7
NTI			
Average cash collateral (€bn)	**107.2**	109.9	(2.5)

1 The pro-forma results assume that the acquisition of Refinitiv took place on 1 January 2020. The Borsa Italiana Group was classified as a discontinued operation once the sale became highly probable on 13 January 2021 and therefore its profits and losses have been separated from the Group's continuing operations for both periods presented
2 Variance is the difference between current and prior year on a pro-forma basis, using the average exchange rate for the respective period, therefore any changes in the exchange rates are also reflected in the variance along with business performance
3 Constant currency variance shows financial performance, excluding currency impacts, by comparing the current and prior year at consistent exchange rates
4 Cost of sales incorporates the elimination of intercompany transactions in the Post Trade division as part of the *pro-forma* financial disclosure
5 EquityClear trades exclude interoperability trades; these will differ to the volumes published on the LCH website which includes these trades

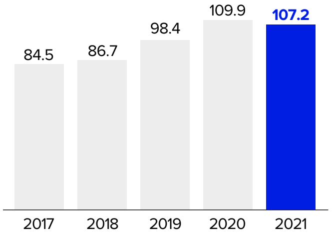
RepoClear – Nominal value

(€ trillion)



Cash collateral held – daily average

(€ billions)



Post Trade: pro-forma revenues excluding NTI increased 11.1%

Post Trade provides clearing, risk management, capital optimisation and regulatory reporting solutions. Total revenue was £706 million (2020: £646 million) and total income, including Net Treasury Income, was £913 million (2020: £915 million). LCH, the leading clearing franchise within Post Trade, achieved record clearing volumes in 2021.

OTC Derivatives revenues increased by 8.9% driven by strong performance in SwapClear client clearing. During Q4, the emergence of the Omicron variant together with central bank interest rate decisions significantly increased client clearing volumes, coupled with one-off revenues in the quarter related to reference rate reform.

Securities & Reporting revenues increased by 12.0% reflecting record volumes from Euro debt issuance and market share gains. RepoClear processed €238 trillion in nominal value, up 15.7%.

Non-Cash Collateral revenues increased 17.8% as a result of the strong volumes and commercial policy changes.

Net Treasury Income (NTI) decreased by 20.0%, reflecting lower investment returns compared with a strong comparator in 2020.

Cost of sales decreased by 3.9%, reflecting lower NTI, which impacted the SwapClear revenue share agreement.

Adjusted operating expenses excluding depreciation, amortisation and impairment increased by 8.0% and depreciation, amortisation and impairment increased by 9.0% driven by our continued investment in our infrastructure and commitment to resilience.

Operational Highlights

- During the year LCH was instrumental in supporting and guiding the market with LIBOR reference rate reform, benefitting from one-off revenues in Q4 as a result
- ForexClear connected with the FXall trading venue to provide seamless connectivity between these two LSEG services
- RepoClear successfully migrated onto our state-of-the-art MCCP clearing platform
- SwapAgent saw a near 500% year-on-year increase with over 10,000 trades registered in 2021, a record for the service
- UnaVista revenues increased by 4% due to clients taking on additional licenses to fulfil their product needs post Brexit
- The European Commission has announced the extension of equivalence for UK-based CCPs to June 2025, allowing a continuation of service to EU customers
- Acquisition of Quantile Group Limited announced (expected to complete in 2022). The acquisition will enable the expansion of Post Trade risk management solutions to customers through trade compression, capital, and margin optimisation services
- In November 2021 Euronext N.V. (Euronext) announced its intentions to move clearing arrangements away from LCH SA. We continue to work closely with Euronext under our existing partnership and look forward to continuing to offer our clearing services to our global customers

Pro-forma Finance Income and Expense and Taxation

Pro-forma adjusted net finance costs were £206 million (2020: £569 million), a decrease of £363 million on the prior year, due to the refinancing of Refinitiv's debt at lower market rates and the reduction in gross debt after the sale of the Borsa Italiana Group in the first half of the 2021 year. We expect net finance costs to be in the region of £160 million in 2022.

On an underlying basis the 20.9% *pro-forma* effective tax rate is materially the same as the statutory rate. The global tax landscape is undergoing fundamental change. At this stage the Group expects some upward pressure on its underlying tax rate in 2022 and beyond, principally due to UK tax rate change and potential US tax reform. Based on the current tax rates and geographical mix, the Group expects an underlying tax rate in 2022 of 22% to 24%.

Pro-forma adjusted earnings per share

The Group delivered a 46.5% increase in pro-forma adjusted basic earnings per share from continuing operations to 286.7 pence (2020: 195.7 pence).

Balance Sheet / Leverage / Ratings
Balance sheet and gearing

Net debt Year ended 31 December	2021 £m	2020 £m
Gross borrowings	**7,654**	1,951
Cash and cash equivalents	**(2,665)**	(1,785)
Net derivative financial liabilities	**25**	17
Lease liabilities	**715**	189
Net debt	**5,729**	372
Less lease liabilities	**(715)**	(189)
Regulatory and operational amounts	**1,294**	1,242
Operating net debt	**6,308**	1,425

At 31 December 2021, the Group had operating net debt of £6,308 million after setting aside £1,294 million for regulatory and operational requirements. The amount set aside was relatively stable year-on-year. The Group's operating net debt increased during the year due to additional borrowings undertaken to refinance Refinitiv's debt on acquisition.

Net leverage[1] increased to 1.9x as 31 December 2021 (2020: 1.1x). The Group is in its targeted range of 1-2 times despite the debt related to Refinitiv.

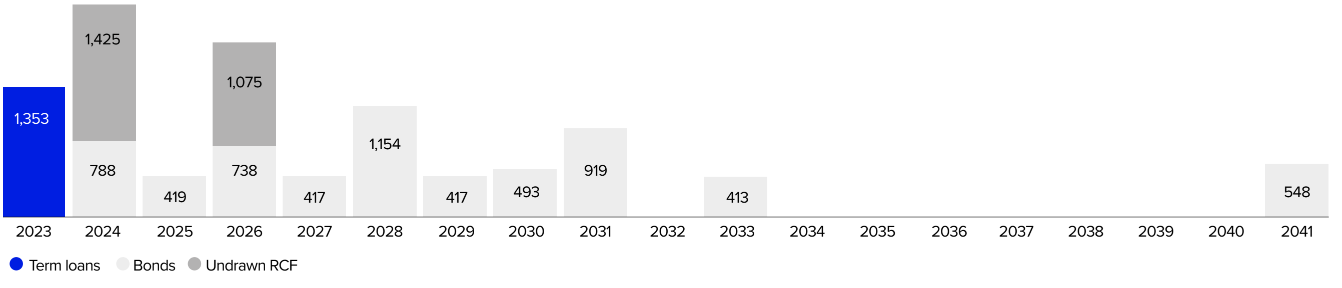
The Group's interest cover, the coverage of net finance expense by underlying EBITDA (earnings before net finance charges, taxation, impairment, depreciation and amortisation, foreign exchange gains or losses and non-underlying items), decreased to 17.9 times in the year (2020: 18.8 times) reflecting the cost of the additional debt taken on to acquire the Refinitiv group.

Effective at the time of the Refinitiv acquisition in January 2021, the Group increased its committed revolving credit facilities to £2.5 billion (2020: £1.2 billion). This was achieved by increasing its £600 million facility maturing in December 2024 to £1,425 million and replacing the £600 million facility due in November 2022 with a £1,075 million facility maturing in December 2025. During the period, the first of two one-year extension options on the £1,075 million facility were taken up, extending the facility's maturity out to December 2026.

On completion of the Refinitiv acquisition the Group refinanced Refinitiv's debt by borrowing $9.936 billion and €3.629 billion under the bridge facility, term loans and multi-currency revolving credit facilities. The bridge facility and multi-currency revolving credit facilities were repaid on the issuance of nine senior unsecured bonds under a newly established Global Medium Term Note Programme and using proceeds from the sale of the Borsa Italiana Group. The bridge facility was cancelled upon repayment. Partial repayments have been made to the US Dollar and Euro term loans using cash generated by the Group's operations.

With £2.5 billion of fully available funding headroom and strong cash generation, the Group continues to be well positioned to fund further growth opportunities and meet its stated deleveraging targets.

Debt maturity profile (£m)



LSEG is rated A with a stable outlook by Standard & Poor's; the negative outlook at close of the Refinitiv acquisition has since been removed. Moody's rating of A3 was confirmed at the close of the Refinitiv acquisition. Standard & Poor's maintained its long-term rating of LCH Limited and LCH SA at AA- with a stable outlook through the period.

1 Net leverage is calculated as operating net debt (i.e. net debt after excluding amounts set aside for regulatory and operational purposes) to proforma adjusted EBITDA (Group consolidated earnings before net finance charges, taxation, impairment, depreciation and amortisation, foreign exchange gains or losses and non-underlying items, prorated for acquisitions or disposals undertaken in the period).

Foreign Exchange

As a result of the acquisition of Refinitiv, the majority of LSEG revenues and expenses are in US dollars followed by Sterling, Euro and other currencies. All guidance given by LSEG, including the longer-term targets associated with the acquisition of Refinitiv as well as specific guidance for the 2022 financial year, has been given on a constant currency basis.

	USD	GBP	EUR	Other
2021 Total Income[1]	60%	17%	15%	8%
2021 Underlying Expenses[2]	52%	23%	11%	14%

2021 Total Income by Division[1]	USD	GBP	EUR	Other
Data & Analytics	67%	10%	12%	11%
Capital Markets	59%	24%	16%	1%
Post Trade	18%	46%	34%	2%
Other	48%	18%	29%	5%

1 Total income includes recoveries
2 Underlying expenses includes cost of sales, underlying operating expenses and underlying depreciation and amortisation

Spot / average rates

Foreign exchange	2021	2020
Spot £/€ rate at 31 December	1.19	1.11
Spot £/US$ rate at 31 December	1.35	1.36
Average £/€ rate for the year	1.16	1.13
Average £/US$ rate for the year	1.38	1.28

Appendix: Reconciliation of IFRS continuing results to pro-forma continuing results

Year ended 31 December 2021

Continuing operations	LSEG year ended 31 Dec 2021[1] £m	Refinitiv one month ended 31 Jan 2021 £m	Adjustments[2] £m	Pro-forma Group £m
Data & Analytics	**4,294**	315	–	4,609
Capital Markets	**1,177**	78	–	1,255
Post Trade	**913**	–	–	913
Other	**32**	2	–	34
Total income (excl. recoveries)	**6,416**	395	–	6,811
Recoveries	**324**	30	–	354
Total income (incl. recoveries)	**6,740**	425	–	7,165
Cost of sales	**(862)**	(61)	–	(923)
Gross profit	**5,878**	364	–	6,242
Adjusted operating expenses before depreciation, amortisation and impairment	**(2,791)**	(186)	–	(2,977)
Income from equity Investments	**22**	–	–	22
Share of loss after tax of associates	**(4)**	–	–	(4)
Adjusted earnings before interest, tax, depreciation, amortisation and impairment	**3,105**	178	–	3,283
Adjusted depreciation, amortisation and impairment	**(721)**	(53)	–	(774)
Adjusted operating profit	**2,384**	125	–	2,509
Adjusted finance expense	**(166)**	(40)	–	(206)
Adjusted profit before tax	**2,218**	85	–	2,303
Adjusted tax	**(458)**	(22)	–	(480)
Adjusted profit for the year (from continuing operations)	**1,760**	63	–	1,823
Profit attributable to:				
Equity holders	**1,541**	54	–	1,595
Non-controlling interest	**219**	9	–	228
Adjusted basic earnings per share (p)	**286.5**	–	–	286.7

1 The LSEG results from continuing operations exclude non-underlying items and are prepared in accordance with IFRS and have been extracted without adjustment from the audited consolidated financial statements of LSEG for the year ended 31 December 2021
2 Total income and cost of sales are adjusted to eliminate inter-company transactions

Year ended 31 December 2020

Continuing operations	LSEG year ended 31 Dec 2020 £m	Refinitiv Year ended 31 Dec 2020 £m	Adjustments[3] £m	Pro-forma Group £m
Data & Analytics	824	3,851	(22)	4,653
Capital Markets	288	882	–	1,170
Post Trade	915	–	–	915
Other	3	26	–	29
Total income (excl. recoveries)	2,030	4,759	(22)	6,767
Recoveries	–	340	(2)	338
Total income (incl. recoveries)	2,030	5,099	(24)	7,105
Cost of sales	(208)	(762)	24	(946)
Gross profit	1,822	4,337	–	6,159
Adjusted operating expenses before depreciation, amortisation and impairment	(749)	(2,274)	–	(3,023)
Income from equity Investments	–	–	–	–
Share of loss after tax of associates	(4)	–	–	(4)
Adjusted earnings before interest, tax, depreciation, amortisation and impairment	1,069	2,063	–	3,132
Adjusted depreciation, amortisation and impairment	(180)	(567)	–	(747)
Adjusted operating profit	889	1,496	–	2,385
Adjusted finance expense	(57)	(512)	–	(569)
Adjusted profit before tax	832	984	–	1,816
Adjusted tax	(186)	(369)	–	(555)
Adjusted profit for the year (from continuing operations)	646	615	–	1,261
Profit attributable to:				
Equity holders	584	503	–	1,087
Non-controlling interest	62	112	–	174
Adjusted basic earnings per share (p)	166.7	–	–	195.7

1 The LSEG results from continuing operations exclude non-underlying items and are prepared in accordance with IFRS and have been extracted without adjustment from the audited consolidated financial statements of LSEG for the year ended 31 December 2020
2 Total income and cost of sales are adjusted to eliminate inter-company transactions

Principal risks and uncertainties

Managing risk is fundamental to the successful execution of our strategy, including integrating the Refinitiv businesses, and to the resilience of our operations.

Following the acquisition of Refinitiv and in order to create a common risk culture, the Group has introduced both new governance and operations have been introduced. As a result, there are some changes to the Group's principal risks, reflecting the operations of the enlarged Group.

As well as our principal risks, we continue to identify and monitor emerging risks which are either new to the Group or are difficult to quantify due to their remote or evolving nature. In most cases, the mitigation for such emerging risks is to establish appropriate contingency plans and monitor the development of the risk until it can be quantified and removed or included as a principal risk.

For each principal risk, the Group has Executive leads with the Chief Risk Officer and Risk function providing a second line of oversight. Due to the transformational impact of the Refinitiv acquisition, the risk trend, shown for each principal risk, is based on the Group's post-acquisition risk profile, net of mitigation activities, compared with the day one, post completion profile rather than to 31 December 2020.

Further information
Our strategic risk objectives, current risk focus, a narrative description of our risk appetite, how LSEG's risk management framework operates, as well as an overview of the Central Counterparty (CCP) risk management and operations, are well established and are described below.

LSEG RISK GOVERNANCE

Overview of principal risks:

Strategic Risks
- Global economic and Geo-political
- Reputation/Brand/IP
- Transformation (incl. divestment of Borsa Italiana Group

Financial Risks
- CCP risks
- Model risk

Operational Risks
- Technology
- Information and cyber security threats
- Business Continuity
- Third-party risk
- Data Governance
- People and Talent
- Regulatory Change and Compliance

Emerging Risks
- Emerging technology/Disruption
- Climate-related risk

Risk management – Introduction

The effective management of risk is critical to the execution of the Group's strategy. Accordingly, the Group maintains a robust Enterprise-wide Risk Management Framework (ERMF), which sets out the Group's approach to risk management and its appetite for taking risks. Our regulated entities, including clearing houses, manage their risks in-line with both local regulation and internal risk and investment policies.

Risk Culture

A strong risk culture requires everyone to understand and embrace their role in managing risks and this is critical to the effective embedding of the ERMF.

Risk culture is a key enabler of the Three Lines of Defence (3LOD) model, used to manage risk within LSEG, and is promoted by the ERMF in three ways:

- It sets expectations by articulating risk appetite and desired behaviours through policies
- It ensures risk is considered in key business decisions through frameworks and tools
- It ensures risk is made transparent and included in accountability and performance management

Three Lines of Defence

The 3LOD model provides appropriate segregation of duties and clear roles and responsibilities across LSEG business divisions, corporate functions, risk, compliance and internal audit. It clearly defines roles and responsibilities, with accountability for risk management sitting within the 1LOD.

Risk Management Approach

The ERMF manages risk throughout the full Risk Lifecycle. It is in place to support the ongoing and systemic identification, evaluation, management, monitoring and reporting of the significant risks faced and the mitigating controls in place against them. This process is supported by robust risk governance, designed to give a coherent view of risk across the full Group.

In order to develop a risk management system that applies effectively and consistently across all areas of the business, we have in place a 'Risk Taxonomy'. This is an inventory of all types of risk that are identified as inherent in business strategies and objectives, including strategic, non-financial and financial risks.

These risks are reflected in the Group Risk Appetite statements and are managed through principles set out in the Group's policies. Risk assessments determine whether risks are within the appetite set by the Board, and are reported to senior management and the Board.

Risk Governance

Risk Governance and oversight is enabled through an effective governance structure comprised of Board level committees (Board, Audit and Risk) and Executive level committees to promote active discussion and resolution of risk issues.

The risk framework defines the risk roles, responsibilities and governance structure. The Risk Governance structure ensures the appropriate expertise and overall input in order to adequately oversee and challenge the risk positions across the Group.

The Risk committees, sub-committees and relevant working groups are embedded within the overall governance structure of the Group. A Group and Divisional Committee Structure provides Risk Oversight with escalations between forums as needed.

Group level committees: An overall Group Executive Risk Committee (ERC) and Group-level sub-committees, including Enterprise, Financial and Model Risks (EF&MRC); Technology, Cyber and Resilience Risks (TC&RC) and Non-Financial Risk Committee (NFRC) which meet on a regular basis. Other sub committees, such as the New Product and Market Committee meet on an ad-hoc basis, when required.

Each of the risk committees has detailed Terms of Reference, approved by the Board or their parent committee, setting out their respective roles and responsibilities.

Board / Board Risk Committee / Board Audit Committee

1st Line of Defence
Business Units
- Implementation of business strategy
- Day-to-day risk management and decision making
- Effective implementation of the risk management framework, including reporting and escalation

2nd Line of Defence
Risk and Compliance
- Review and challenge of business units
- Oversee the level of risk appetite within LSEG
- Development of the risk management framework
- Provide specialist advice and training across the organisation

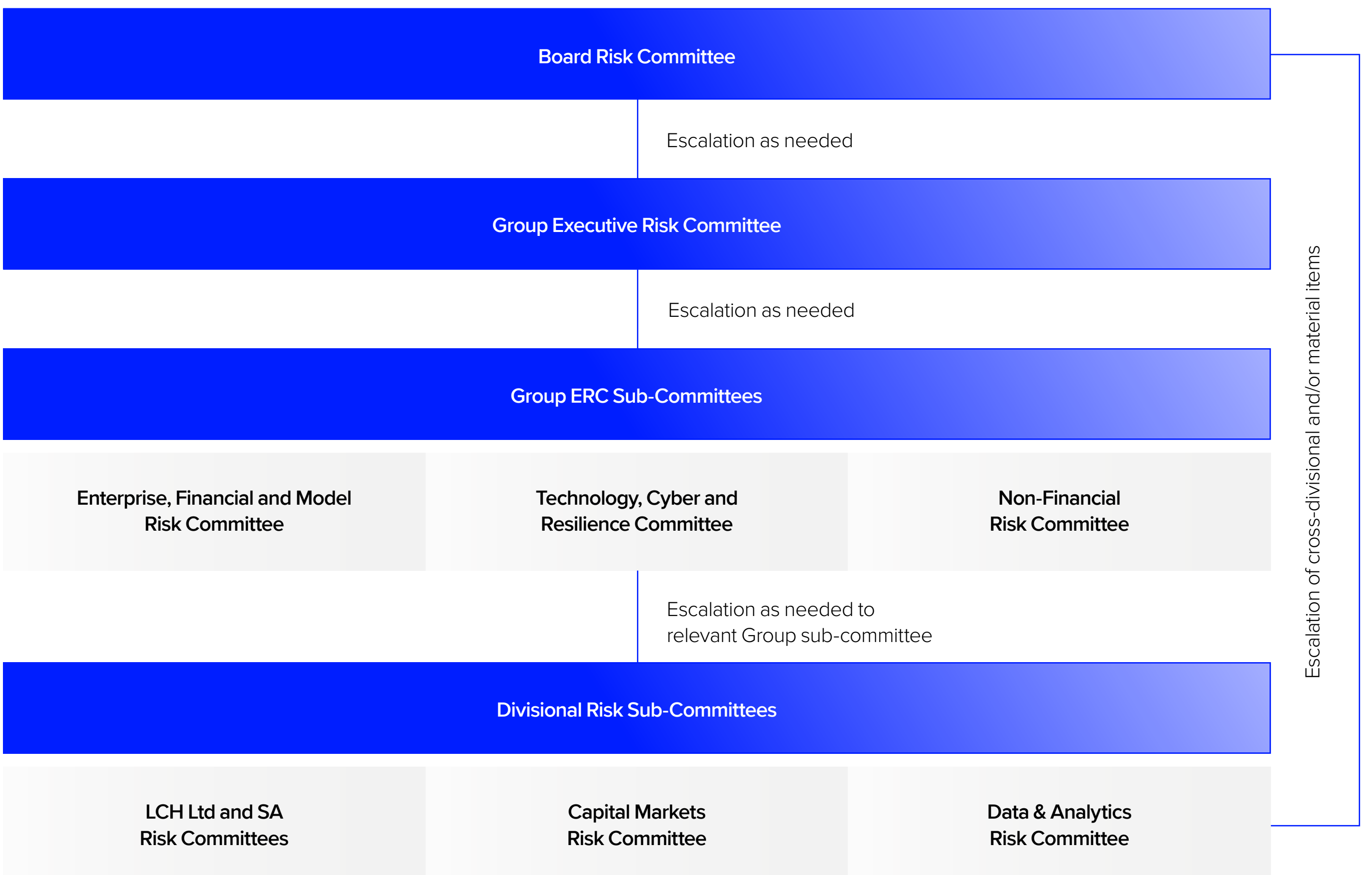
3rd Line of Defence
Internal Audit
- Independent assurance of business risk management activities, including that the risk management framework is both designed and operating effectively

Group Risk Appetite

Risk Appetite is the level of risk that LSEG will accept in pursuit of its Strategic Objectives and is aligned with the Group's strategy. The risk appetite is a central pillar of the ERMF and is used as a benchmark for both risk assessment and monitoring, with regular reporting of aggregated risks to both the Board Risk Committee and Group Executive Risk Committee (ERC).

The Board, on an annual basis, articulates LSEG's Risk Appetite. This is cascaded throughout the organisation with Divisions and Functions establishing more detailed risk appetite statements and monitoring their risk profile against the agreed appetite levels.

Risks that are outside Risk Appetite are escalated to Executive Committee members and to the appropriate Risk Committee and Boards.



STRATEGIC RISKS

Risks related to our strategy (including the implementation of strategic initiatives and external threats to the achievement of our strategy). The category also includes risks associated with reputation or brand values.

Key

- ^ Risk Increasing
- — Risk Trend Stable
- ∨ Risk Decreasing
- ↗ Emerging Risk

Risk Description	Mitigation	Risk Trend
Global economic and Geo-political Executive Lead: Chief Executive Officer As a financial markets infrastructure and data provider, we operate in a broad range of equity, fixed income, foreign exchange and derivative markets servicing customers who increasingly seek global products and innovative solutions. If the global economy underperforms, or there is reduced activity in our markets, it may lead to lower revenue. The market stimulus and support provided to global economies and financial markets through 2021, due to the Covid-19 pandemic, combined with labour shortages and supply chain disruptions have amplified the risk of inflation to the global economy in the short term. The longer-term impacts on the global economy remain uncertain. Additionally, buoyant but slowing economic data combined with rising inflation have led to the prospect of stagflation with central banks signalling tapering of their quantitative easing programmes and, potentially, interest rate rises at the same time. In September 2020 the European Commission adopted an equivalence decision determining that, for a limited period of time, the regulatory and supervisory framework applicable to LCH Ltd would be equivalent to the EU framework. Subsequent to the adoption of equivalence, ESMA recognised LCH Ltd as a third country CCP eligible to provide clearing services in the EU. The equivalence decision remains in force until 30 June 2022. On 8 February 2022 the European Commission adopted to extend the equivalence for UK CCPs until 30 June 2025. Beyond this date there remains uncertainty that temporary equivalence will continue. The absence of equivalence would materially jeopardise LCH Ltd's ability to offer clearing services to EU customers. More broadly, geopolitical relations continue to influence global financial markets, particularly Western relations with both China and Russia. Whilst well diversified, these global risks could have an adverse impact on the Group's businesses, operations, financial condition and cash flows.	The Group's income streams benefit from diversification across both a broad global footprint and large customer base, helping mitigate the exposure to localised economic downturns. Furthermore, a significant proportion of income streams across our business divisions comprise annuity and fee based recurring revenues, limiting the Group's exposure to changes in the global credit cycle. The Group performs regular analyses to monitor markets and the potential impacts of market price and volume movements on the business. The Group manages exposures to market risks during the course of normal business and when undertaking inorganic activity by hedging both foreign exchange and interest rate risks, as appropriate. The Group monitors its exposures to the changes in market prices by tracking key risk indicators while stress testing exercises support the Group's understanding of its financial resilience. The Enterprise, Financial Risk and Modelling Committee, a sub-committee of the Group Executive Risk Committee and chaired by the Group Head of Enterprise and Financial Risk, analyses multiple market stress scenarios, with mitigating actions taken. The stress scenarios are regularly reviewed and updated in response to changes in macro-economic conditions. We monitor the potential impact of macro-economic and political events on our operating environment and business model and the Group is an active participant in international and domestic regulatory debates.	^
For more information, see Market trends and our response on pages 18 to 19, and Note 2 to the accounts, Financial Risk Management on pages 135 to 140.		
Reputation/Brand/IP Executive Lead: Chief Executive Officer Several of the Group's businesses are iconic and trusted international brands. Their strong reputations are valuable for the Group and its business credibility with regulators and attractiveness to customers alike. Some events or actions could damage the reputation and brand of the Group, such as miscommunication on social media, misrepresentation, interruption of services or regulatory censure which could as a consequence adversely impact the Group's business, financial condition and operating results. The Group has a portfolio of intellectual property including brands, products and services which are proprietary and protected by patent, trademark and copyright. Some of the Group's products and processes may include subject matter not subject to intellectual property protection by the Group. And competitors of the Group may also independently develop and patent, or otherwise protect products or processes, that are the same or similar to our products and processes. In either scenario, failure to protect the Group's intellectual property rights appropriately could result in reputational damage and affect the Group's ability to compete. Additionally, any financial impact would be compounded by costs incurred to defend or enforce our intellectual property rights.	LSEG has policies and procedures in place which are designed to ensure the appropriate use of the Group's brands and to maintain the integrity of the Group's reputation. LSEG actively monitors the use of its brands including monitoring for internet brand impersonation and social media sentiment, and the use of other intellectual property (such as trademarks) in order to prevent, or identify and address, any infringements. The Group protects its intellectual property by relying upon a combination of trademark laws, copyright laws, patent laws, design laws, trade secret protection, database rights, confidentiality agreements and other contractual arrangements with its employees, affiliates, customers, suppliers, strategic partners and others.	—

Key

- ^ Risk Increasing
- — Risk Trend Stable
- ∨ Risk Decreasing
- ↗ Emerging Risk

Risk Description	Mitigation	Risk Trend
Transformation (incl. divestment of Borsa Italiana Group) Executive Lead: Chief Executive Officer, Chief Operating Officer The Group is materially exposed to risk of loss or failure resulting from transformation or integration as it continues to grow rapidly both organically and inorganically. Acquisitions may, in some cases, be complex or necessitate change to operating models, business models, technology and people. The Group's success has a high dependency on its ability to integrate all parts of its business, including acquisitions, realise synergies across the Group, and ensure that the Group is able to compete on a global scale. A failure to align the businesses of the Group successfully may lead to: an increased cost base without a commensurate increase in revenue; a failure to capture future product and market opportunities; and risks in respect of capital requirements, regulatory relationships and management time. In particular, some of the key challenges associated with the integration of Refinitiv include coordinating and consolidating services, technology and operations spanning different countries, regulatory regimes and cultures. Furthermore, the divestment of the Borsa Italiana Group in April 2021 that includes exiting transitional services in 2022 and ongoing support to Borsa Italiana Group's trading platforms until 2023, carries additional risk related to the separation of two technology estates and associated operations. These challenges may be accentuated by widespread remote working arrangements in response to the Covid-19 pandemic. Challenges also include operating and integrating a large number of different technology platforms and systems, including maintaining the operational resilience and security of legacy platforms, and consolidating services, or developing new services, where underlying assets used to provide those services are subject to contractual commitments with third parties. The Group faces significant competition in each of its main business areas. The businesses have to respond to this at the same time as navigating through various transformation and integration activities. The markets for the Group's data, information, services and products are highly competitive and are subject to rapid technological changes and evolving customer demands and needs. Accordingly, the Group has a sizeable strategic change agenda to transform its products, services and platforms as it leverages growth synergies and upgrades and replaces legacy infrastructure.	Transformation risk is reduced by the application of the Group's Enterprise Risk Management Framework to deploy consistent, appropriate Risk Management and specific mitigations across the Group, both during and post-acquisition. The risk and change governance of the Group following a merger or acquisition is aligned and strengthened as appropriate following review. The Group Transformation Forum, reporting to the Executive Committee, is responsible for the successful delivery and risk management of the Group Strategic Programmes. Oversight and assurance across the Group's change Portfolio is provided by Group Risk and Internal Audit. The Group has an effective track record of integrating acquisitions and delivering tangible synergies, supported by robust governance and programme management structures through the Group's Change Framework to mitigate change-related risks. The Group will continue to work hard to address these changing customer needs in an evolving regulatory and technological landscape.	—

For more information, see the Chair's statement on 6 to 7, and the Chief Executive's statement on pages 8 to 9.

FINANCIAL AND MODEL RISKS

The risk of financial failure, loss of earnings and/or capital as a result of investment activity, lack of liquidity, funding or capital, and/or the inappropriate use of models.

Key

- ^ Risk Increasing
- — Risk Trend Stable
- ∨ Risk Decreasing
- ↗ Emerging Risk

Risk Description	Mitigation	Risk Trend
CCP Risk Executive Lead: Group Head of Post Trade The Group's CCP activities expose it to a number of financial risks that arise from the CCP's obligation to guarantee the performance of cleared contracts between its members in the event a member defaults. In the event of a member default the CCP must restore a matched book by liquidating or transferring the defaulting member's positions held with the CCP. This can expose the CCP to both adverse changes in the market value of the positions (such as changes in asset prices, interest rates, credit spreads and foreign exchange) and liquidation costs (such as the cost of finding liquidity to exit the positions). In addition, the CCP has treasury investment risk arising from the investment of member cash and liquidity risk arising from its ongoing payment obligations. If the CCP does not have sufficient cash available, there is a risk of a liquidity shortfall (i.e. the CCP failing to meet its payments). Non-financial risks arise as a result of the CCP's day to day operations, such as operational risk, legal & compliance risk and reputational risk.	CCPs by design are financially resilient against the largest default risks. The CCP rulebook is the foundation of its resilience. The CCP rulebook is a legally binding document signed by members that governs all clearing activities. It details the powers of the CCP to assess appropriate margins, to place a member in default and to liquidate a defaulting member's positions and collateral. The key lines of defence laid out in the CCP rulebook include minimum standards for member eligibility, initial and additional margins posted by members, a limited amount of the CCP's own capital, and then member default funds and mutualisation of losses. Additionally, the CCP can use powers of assessment to further absorb losses beyond the default fund. The resiliency of these mechanisms is tested via an annual fire-drill. The CCP's primary investment objective is the protection of principal and the sufficient availability of cash when needed. Establishing strict investment criteria with members minimises investment risk, but the risk will not be completely eliminated. Deposits at central banks are preferred where possible. Principal counterparty risk arising from secured investments (reverse repo) is managed to a counterparty credit limits framework. In the event a counterparty defaults, the CCP can liquidate the repo collateral to recover the principal loan amount. Reverse repo haircuts will absorb adverse changes in the value of the collateral, although it remains possible that collateral values could move more than the haircut. As such, reverse repo collateral is subject to eligibility criteria, which minimises credit and liquidity risks. Unsecured commercial bank deposits are strictly limited to less than 5% of the investment portfolio, and are avoided where possible. Outright bond purchases are also subject to strict eligibility criteria. Only high-quality short-term sovereign bonds or equivalent are permitted. All issuers are subject to country risk credit scoring and regular reviews. All components of the investment and liquidity risk framework are tested in quarterly 'war games' exercises to ensure ongoing resiliency, as well as the annual default fire-drills.	—
For more information on financial risk, see Note 2 to the accounts, Financial Risk Management on pages 135 to 140.		
Model Risk Executive Lead: Divisional Group Heads, Chief Risk Officer The Group's model risks could arise from errors during the development, implementation, use, or decisions based on outputs, of models. The Group utilises a suite of models, including Artificial Intelligence (AI), across all three of its business divisions (e.g. margin models used within our CCPs, market abuse detection models within the Capital Markets division, as well as Risk's capital and climate stress models). Model risks could impact both the reputation and the financial condition of the Group.	LSEG businesses have an industry standard model risk control and governance framework in place, including Model Risk Policy, the Model Management System, Developer and Validation Documentation Templates, as well as Development and Documentation Standards. Robust model validation, performed by an independent team, is in place to confirm our critical models are fit for purpose and will be rolled out, in due course, across the full suite of models within the Group. Model lifecycle controls are in place including ongoing performance monitoring for key models and tracking of model changes for all models. The risk oversight is provided by the Enterprise, Financial and Model Risk Committee which receives quarterly model risk status reports from Model Risk Management. Additionally, Model Risk Management undertakes reviews of vendor systems to identify models that could impact the Group.	—

OPERATIONAL RISKS

The risk of loss, or other adverse consequences to the business, resulting from inadequate or failures associated with our internal processes, people and systems, or from external events.

Key

^ Risk Increasing
— Risk Trend Stable
∨ Risk Decreasing
↗ Emerging Risk

Risk Description	Mitigation	Risk Trend
Technology Executive Lead: Chief Information Officer LSEG is highly dependent on the development and operation of its sophisticated technology and advanced information systems and those of its third-party service and outsourcing providers. Technology failures potentially leading to system outages may impact our customers and the orderly running of our markets, data services and distribution. There has been some temporary disruption primarily to Refinitiv client services including Eikon this year caused by legacy issues identified in Refinitiv's technology estate. The integration of Refinitiv's larger technology footprint and operations, increased reliance on third-party services, continued movement to cloud-based platforms and the shift to hybrid working practices all increase the technology risk for the Group. The technology change portfolio exposes the Group to the risk that change is either misaligned with the Group's strategic objectives or not managed effectively within time, cost and quality criteria and could impact the resilience of its operations and business services. The volume of change is driven by both internal and external factors. Internal factors include a drive for technology innovation, consolidation and operational resilience. External factors include increased industry cloud adoption, the changing regulatory landscape and requirements which necessitate changes to our systems and processes. Design defects, errors, failures or delays associated with new, modified or upgraded technology, products or services could negatively impact the business as well as the financial performance and reputation of the Group.	The Group continues to invest in the resilience of the technology systems and processes that underpin its important business services. The performance and availability of the Group's systems are constantly reviewed and monitored to prevent problems arising and where possible, ensure a prompt response to any potential service-impacting incident. Regular rigorous business impact and operational risk scenario analysis is performed to identify, assess and remediate potential system and governance vulnerabilities. In addition, technology solutions are comprehensively tested by both LSEG Technology and third-party quality assurance providers as appropriate; functional, non- functional, user-acceptance and other testing is performed across technology environments to ensure products are ready for deployment and have robust business continuity and crisis management plans in place. The Group actively manages relationships with key strategic technology suppliers to avoid any disruption to service provision. Where possible the Group has identified alternative suppliers that could be engaged in the event of a third-party failing to deliver on its contractual commitments. Service Level Agreements (SLAs) and ongoing monitoring is in place for key suppliers. The risks associated with change are mitigated by effective implementation of the Group's Change framework. Appropriate governance, risk and executive oversight is exercised over individual programmes and projects based on the scale, complexity and impact of the change. The purpose of this oversight is to confirm changes do not breach the Group's risk appetite, are compliant with the approved project management policy and to manage budget, resource, escalations, risk, issues and dependencies. For software specific development, software design methodologies, testing regimes and test environments are continuously being enhanced to minimise implementation risk.	^
Information and cyber security threats Executive Lead: Chief Information Officer As a global Financial Markets Infrastructure (FMI) and data provider, LSEG is exposed to cyber risk. Significant cyber events continue to be observed in the financial sector and in the broader economy that demonstrate the motivation and sophistication of cyber adversaries and the impact they can have on the victim organisation. LSEG is the sum of its networks, users and devices. It consists of an eco-system of trusted vendors and business partners with a workforce that is increasingly dynamic in terms of how, when and where they are authorised to gain access to our technology environment and digital assets. In addition to the direct impact on ourselves, our role as an FMI provider underscores the systemic impact a cyber event would have on the UK financial sector and the global markets that we serve. Cyber risk does not respect and is not bound by organisational perimeters and high profile external cyber events reinforce this inter-connectivity and inter-dependency and highlight the exposure to risks arising outside of a firm's own control environment. We must acknowledge, to remain competitive in this era of digitalisation and open platforms, that cyber risk cannot be eliminated, however, it can be managed to a level of risk that we are prepared to take as a cost of doing business.	We continue to make significant investments in cyber security and have a dedicated Cyber Security function led by our Chief Information Security Officer (CISO) which is focused on protecting and defending LSEG against cyber-attacks. Due to the increasing sophistication of cyber adversaries and the techniques that they use, we proactively collect and evaluate threat intelligence. We recognise that the prevention of cyber attacks may not always be possible and our focus and priority is on remaining resilient to withstand cyber-attacks with minimal disruption to our business. Our approach to cyber security aligns to industry frameworks such as the National Institute of Standards and Technology (NIST) and we will continue to invest and advance our cyber defence, detection and response and recovery capabilities. Our Group operates a three lines of defence framework and we have a dedicated Cyber Risk function within Group Risk providing independent oversight and challenge. Our Internal Audit function performs independent assurance on our cyber controls.	^

Key

- ^ Risk Increasing
- — Risk Trend Stable
- ∨ Risk Decreasing
- ↗ Emerging Risk

Risk Description	Mitigation	Risk Trend
Business Continuity Executive Lead: Chief Information Officer, Chief Risk Officer, Divisional Group Heads Business continuity is one of the key objective of the Group's Operational Resilience strategy, helping addressing the Group's ability to prevent, adapt, respond and recover from operational disruptions to minimise the impact on our customers and on the financial stability of capital markets. Whilst the Group has processes and controls in place to ensure the continuity of its services and operations, unforeseen events such as physical security and system security threats, epidemic or pandemic, or a major system breakdown, could impact the continuity of the Group's services operation, reputation and its financial condition, cause financial detriment both internally and externally to the wider market. The Covid-19 pandemic continued to present many challenges throughout 2021 with the transition to hybrid working presenting new challenges to technology resources and colleagues as they learn to adapt to new working practices.	Our Business Continuity plans were updated throughout 2021 to reflect operating model changes following the integration of Refinitiv and plans are being migrated to a new platform to ensure consistency across the Group. A Crisis Management plan is in place with new scenarios being developed and tested to ensure the business can respond appropriately should any of the scenarios materialise. The response to the Covid-19 pandemic continued to be driven from our pandemic plan and was governed using our Crisis Management structure. The structure empowered leadership, with support from Group resources, to respond to local conditions around vaccinations and the transition to hybrid working.	—
Third-party risk Executive Lead: Chief Operating Officer, Divisional Group Heads, Chief Information Officer Failure to manage the risks associated with the selection, management and oversight of critical third-party suppliers could impact the Group's ability to deliver its strategic objectives. Our suppliers are exposed to a range of risks, including Geo-Political, Cyber Security Threats and Regulatory Compliance, whereby events may result in suppliers being unable to meet their contractual, regulatory, confidentiality or other obligations to the Group. This could lead to material financial loss, higher costs, regulatory actions and reputational harm. The Group and its entities engage third-party service providers, and external service providers, including Cloud Service Providers (CSPs). Increasingly the Group has engaged CSPs to host critical services and data. Whilst there are many similarities in the risks associated with CSPs and traditional outsourcing arrangements, reliance on a CSP exacerbates certain third-party risks such as: data governance risks; inability to exit a CSP relationship and bring services back in house without service disruption; and the risk of services being concentrated with a small set of CSPs. The Group also relies on access to certain data used in its business through licences with third parties. It depends on third-party suppliers for data and content that is used in its products and services. Some of this data is provided exclusively from particular suppliers and may not be obtained from other suppliers. This increases the risk exposure of the Group.	The Group continues to refine its third-party risk management framework to provide controls across all stages of the third-party lifecycle, covering: the planning of the service; evaluation and selection of the third-party; contracting and onboarding; monitoring and managing the services; and termination and off-boarding. The framework helps make sure that the Group assesses risk at key stages in the lifecycle and actively manages relationships with critical third-parties to avoid a breakdown in service provision. The Group focuses on the ability of critical suppliers to continue to supply goods and services in accordance with requirements and in compliance with contractual obligations. Throughout the year, there have been no significant impacts to the supply chain for the Group.	^

Key

- ∧ Risk Increasing
- — Risk Trend Stable
- ∨ Risk Decreasing
- ↗ Emerging Risk

Risk Description	Mitigation	Risk Trend
Data governance Executive Lead: Divisional Group Heads, Chief Operating Officer LSEG plays a significant role in the financial markets infrastructure and data provider landscapes with commitments to its customers, counterparties, owners, vendors, regulators and the public in the proper usage of its data. LSEG collects, processes, licenses, calculates, owns, transforms, administers and distributes data in many formats (e.g. structured, unstructured, electronic and print formats, audio-visual data, production, testing, archive data, derived data and personal data). Failure to govern the Group's data successfully could result in those data being unfit for purpose with respect to quality and usage. This could result in the Group or its customers and stakeholders utilising deficient data when making decisions, which could adversely affect the Group's reputation, financial condition and operating results. Data privacy breaches, misuse of personal data or failure to protect confidential information could adversely affect the Group's reputation, expose it to litigation or other legal or regulatory actions. Unauthorised data access or privacy breaches may cause some of the Group's customers to lose confidence in its security measures and could impact the Group's financial performance.	LSEG's Enterprise Data Governance function, led by the Group Chief Data Officer, develops and institutes a comprehensive programme to make sure Group data is of the highest quality to support its intended use and the needs of our stakeholders, customers, and regulators. The Group Data Policy and its framework support our initiatives to focus on the needs for oversight, quality and control, time to market, single view of data, confidence and culture, and regulatory obligations such as data lineage. As such, the company has defined and implemented a standardised approach to data management oversight, governance controls, measures, monitoring and efficient issue resolution to mitigate any adverse impacts to the business. In addition, the Group's Data Protection & Privacy Policy sets out a framework for privacy compliance to make sure that personal data that is processed during the course of the Group's business is used fairly, lawfully and in compliance with all applicable data protection and privacy legislation. The Group's Information Security Policy includes a framework for data leakage prevention and information security incident management. All LSEG employees complete annual, mandatory training courses on the Group's data policies.	—
People and Talent Executive Lead: Chief People Officer People and culture risks could arise from a lack of critical skills, talent and knowledge, resulting in the Group being unable to achieve its objectives. These risks can arise from ineffective career development, organisational structures and leadership, all of which could impact on the engagement and wellbeing of our people. Furthermore, increased market competition can result in inability to attract and retain diverse, high-performing talent, and/or it could lead to a disengaged workforce.	In 2021, we launched best practice frameworks including career development and reward frameworks, performance enablement, benefit offerings and a wellbeing framework. We also introduced new guidelines for the transition to a hybrid working model, which intends to bring together the best of remote working and co-location with colleagues. Key metrics are monitored to assess the effectiveness of key initiatives, with actions taken to ensure that our people remain engaged, key performers retained and, where appropriate, talent is attracted and hired into the Group.	∧
Regulatory Change and Compliance Executive Lead: General Counsel, Chief Executive Officer, Divisional Group Heads LSEG is a global business operating within many regulatory environments. The Group is exposed to risks associated with changes to regulatory requirements, and how we manage that change. These include: risks arising from the conditions under which LSEG can access a particular market (e.g. EU equivalence for UK CCPs); the regulation and supervision of new activities; the overall reforms in the wholesale markets in the EU and the UK; and the greater focus on information and cyber security, data localisation, and ESG data and scoring providers. There is also a risk that one or more of the Group's entities may fail to comply with the laws and regulatory requirements to which it is subject. In this event, the entity may be subject to censures, fines and other regulatory or legal proceedings.	Changes in the regulatory environment form a key input into our strategic planning, including the political impact on our growth strategies, both organic and inorganic. We monitor regulatory developments continually and engage directly with policymakers as well as regulatory and governmental authorities at local, regional and national levels. The Group continues to maintain systems and controls to mitigate compliance risk. In addition to the overall Group Compliance function, Compliance resources with specialised knowledge of each of the regulated services provided by the Group are aligned with the regulated entities operating within each business division. They provide regulatory advice to the business, Corporate Functions and committees to support them in ensuring that both day-to- day operations and business developments are undertaken in accordance with the relevant regulatory obligations. Compliance policies are reviewed regularly and employees across the Group are reminded of the requirements to which they are subject under these policies through mandatory annual training, the completion of which is tracked.	—

For more information on regulatory changes, see Market trends and our response on pages 18 to 19.

EMERGING RISKS

Risks which are new to the Group or which are difficult to quantify due to their remote or evolving nature.

Key

^ Risk Increasing
— Risk Trend Stable
∨ Risk Decreasing
↗ Emerging Risk

Risk Description	Mitigation	Risk Trend
Emerging technology Executive Lead: Chief Information Officer, Divisional Group Heads Structural market changes, new business models and advances in cloud, artificial intelligence (AI) and distributed ledger technology (DLT) could lower entry barriers, increase competitive pressures and change the markets we serve. This could negatively impact the performance of our core business and disrupt our commercial models. This risk spans the business, and the pace of change in business models, technology advances and market entrants continues to accelerate. Cloud providers are expanding their capabilities from storage to a wide range of data management and analytics solutions. They also enable a whole new ecosystem of providers, including new market entrants, which can now take advantage of cloud providers' customer bases and fast development cycle. This can also drive new end-user data consumption models such as renting data. The increased use of AI internally and among customers brings with it associated risks such as inherent bias, automated decision-making and data management. It will also introduce new challenges for cyber security defence and detective mechanisms. As technology and regulatory clarity improves, aggressive competitor activity in DLT could increase risk of disruption. DLT presents potential disruptive risk to parts of our business, as it may result in a reduced need for centralised intermediaries, thereby bypassing some of the services we offer.	The Group actively monitors new technological developments and the pace of change, developing robust innovation strategies to mitigate the risk resulting from emerging technology. The Group, including through our Strategy function, actively scans for potential investment opportunities in emerging technology and has a dedicated innovation function with subject matter expertise in specific technology domain areas. The Group partners with advisers and builds Proof of Concepts to test new hypotheses and, by collaborating with our customers, can identify and quickly react to changing consumption preferences. Regulators are actively exploring the application of new frameworks to manage the development of innovative financial services technologies. We expect these to be important for maintaining resilience and stability in the market while enabling innovation with emerging technology. The Group participates in relevant industry and academic forums, partnering closely with Regulators. The Group continues to maintain systems and controls to mitigate the risk resulting from emerging technology. Risk arising from the Group's use of Cloud, AI and DLT is identified, assessed, managed and reported through the risk framework. We align with industry best practices and guidance when considering increased use of AI and DLT.	↗
Climate-related risk Executive Lead: Chief Corporate Affairs and Marketing Officer, Divisional Group Heads International organisations, governments and regulators are focused on integrating climate risks and opportunities into investment decision-making, to enable transition to a low carbon economy. This is an area of emerging and wide-ranging policy-making, impacting financial market participants and corporates. Climate Risk for the Group is two-fold, and poses physical risks and transition risks to the business. Physical risks are the acute and chronic risks to the Group's property portfolio. Transition risks are the risks posed by the transition toward a low-carbon economy, such as policy, regulatory risks, market risks. The aim is to reinforce the Group's resilience to acute physical risks today and chronic physical risks in the future, and to address transition risks, to be aligned with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, be prepared for mandatory reporting requirements and to protect the Group's reputation. LSEG has voluntarily reported and submitted TCFD aligned disclosures ahead of those becoming mandatory for the firm to ensure transparency. Please see our Enabling sustainable growth section on pages 20-30 for details regarding sustainability. For further details on climate-related risks, please also see our separate TCFD disclosures.	We support global standards and interoperability in sustainable finance regulations and encourage consistency between the EU and UK on sustainable finance. We are part of the UK Green Technical Advisory Group, and have been members of the EU High Level Expert Group and the Technical Expert Group, and the FCA/PRA Climate Financial Risk Forum. In line with increased disclosure requirements for corporations and financial markets participants, LSEG has taken proactive steps since 2020 to develop its methodology to define and model how climate change impacts its businesses. Over 2021, scenario modelling has been undertaken to assess and quantify climate-related risks. For all scenarios considered, the most significant potential financial loss arises from physical risks relating to site repair costs due to damage which is not insurable. Looking ahead, we plan to continue to integrate climate risk into our existing risk management frameworks and use and further improve the climate change risk models to inform future strategic decisions.	↗

Financial viability statement

In accordance with provision 31 of the Code, the Directors confirm that they have a reasonable expectation that the Group will continue to operate and meet its liabilities, as they fall due, for the next three years. A period of three years has been chosen for the purpose of this viability statement, in line with the Group's business plan.

The Directors' assessment has been made with reference to the Group's current position and prospects, the Group's three-year business plan, the Group's risk appetite and the expected impact of severe but plausible downside scenarios and updated based on the observed impact of the Covid-19 pandemic on the business.

The business plan makes certain assumptions about the performance of the core revenue streams and segments, using existing product lines as well as assumptions on take up of new product lines, assumptions on appropriate levels of investment to support expected performance, known inorganic activity, the ability to refinance debt as required, and expected returns to shareholders.

The plan is stress tested using severe but plausible downside scenarios as determined relevant by the Group Risk Committee, over the full three-year plan period. Impacts on the performance of core revenue streams and segments are modelled through business inputs, with appropriate mitigating factors also considered.

The impact on the Group's cash-flows, liquidity headroom, and debt covenants are detailed throughout the three-year period in each scenario. No scenario over the three-year period leads to a breach in Group covenants or an inability to meet the Group's obligations through insufficient headroom. Further, a reverse stress test has been completed, to evaluate the financial impacts required to breach the Group Risk Committee's risk appetite.

Non-financial information statement

Under sections 414CA and 414CB of the Companies Act 2006 we are required to include in our strategic report a non-financial information statement.

The Enabling sustainable growth section of the strategic report (pages 20 to 30) provides the following information required to be included in the non-financial information statement:

- Environmental matters
- Our employees
- Social matters
- Human rights
- Anti-bribery and corruption.

In addition other required information can be found here:

- Business model (pages 15 to 17)
- Principal risks and how they are managed (pages 50 to 59)
- Key performance indicators for 2021 are included within our financial review (pages 31 to 49)

Board engagement with stakeholders

The Board recognises the importance of engaging with the Group's stakeholders throughout the year. Meaningful engagement and two-way dialogue allow the Board to understand the interests, needs, and concerns of the stakeholders relevant to the Company's success, how they influence the operation of the business model and delivery of strategy, decision-making, and the actions that the Board and management need to take.

The table below sets out how the Board has engaged with, and sought to understand the views of, our key stakeholders: customers, the workforce and regulators.

The Board engages with stakeholders through an appropriate combination of direct Board engagement and indirect engagement, for example via executive management. Management has used the outputs of their engagement with stakeholders to inform business-level decisions, with an overview of developments and relevant feedback being reported to the Board and/or a Board Committee.

The Board recognises that the Company's shareholders are a key stakeholder, and the views and interests of shareholders influence the decisions and actions taken by the Board. The Board seeks to engage with shareholders throughout the year. More detail is provided in the Corporate Governance Report on pages 72 to 73. Further information on the activities of the Board can be found in the Corporate Governance Report beginning on page 74.

Stakeholder group	Form of engagement	How this engagement influenced Board discussions and decision making
Our customers Our diversified global business is built on customer partnership, delivering value across the trading ecosystem in Data & Analytics, Capital Markets and Post Trade. We remain focused on delivering the opportunities and efficiencies of operating a unified Group to benefit our customers and drive sustainable long-term growth. We believe that aligning our strategy, services and products to the needs and interests of our customers is central to supporting long-term value creation.	We monitor customer feedback to help us understand our customers' views on the Group's products and services as well as the ways that they would like us to improve our offering. Customer engagement meetings are held to enable our senior management to understand what matters to our customers and to build strategic relationships with them. The Group CEO engages with customers in a number of ways. During 2021, this included: an extensive outreach programme to key customers at and following the close of the Refinitiv acquisition; individual meetings in person and in virtual formats with particular emphasis on setting out the expanded LSEG proposition across the financial markets value chain and to hear from customers directly; and attendance at the FTSE Russell World Investment Forum to meet asset owners and asset managers in person. In addition to individual meetings, he has attended a number of customer roundtables such as Refinitiv Advisory Boards. Management also engages regularly with our customers in meetings, at roundtable events, market openings, market close sessions, and conferences and provides updates to the Board. In 2021, much of this engagement continued to take place virtually due to the Covid-19 pandemic; however, when safe to do so, we welcomed a number of customers to the office in Paternoster Square for market open and market close ceremonies, which were well attended. The shift to virtual communications has enabled us to engage with our customers more frequently and outside of formal meetings; however, we acknowledge the benefits of face-to-face meetings with customers.	Customer feedback is communicated by the Group CEO, CFO, and other members of the Executive team to the Board through its regular reporting mechanisms when decisions and actions are taken which could impact customers. A key area of focus for customers, as well as regulators, is technology and operational resilience. The Board has supported management in the year in allocating capital and investing in further improving our technology and operational resilience. The Board approved the acquisition of Quantile Group Limited, subject to regulatory approval. The transaction will enable LSEG to expand its range of Post Trade risk management solutions to its customers through trade compression, capital, and margin optimisation services.

Board engagement with stakeholders continued

Stakeholder group	Form of engagement	How this engagement influenced Board discussions and decision making
Our workforce Following the acquisition of Refinitiv, the Group's workforce has grown from approximately 5,500 to approximately 23,000, with a material increase in the number of employees in certain locations including India, the Philippines and Poland. Our workforce is fundamental to the success of the Group. Integration between the two businesses is progressing well with ongoing two-way dialogue and feedback with employees across the Group to ensure this happens effectively and efficiently.	Engagement with our employees includes formal and informal meetings, an annual employee engagement survey, and townhall meetings. In 2021, we held several townhall meetings across the Group. Due to Covid-19 restrictions, these were held virtually. When permitted to do so, we also held hybrid (in person and virtual) townhall meetings. Townhalls are held at the Group and Divisional levels, and topics are tailored to the different audiences with interactive Q&A sessions. A number of these townhalls were led by the CEO, CFO and other members of the Executive Committee. Over 5,000 colleagues joined the global townhall livestream for the 2021 Interim (H1) results. In addition to providing employees with updates on business and financial performance, management used these sessions to have a two-way dialogue on the progress of integration, ways of working, safety and wellbeing in the context of the ongoing pandemic, customer matters, sustainability activities, and investment in technology. Feedback from these events was provided to the Board. The Board seeks to engage with a wide cross section of employees to better understand their perspectives on the business. In any normal year, Directors would visit our operations and engage with colleagues as part of Board site visits. During 2021, the Board engaged directly with employees virtually through a series of conversations with employee forums held in key regional locations. These meetings were designed to provide Board members with an opportunity to gain insights into the culture and concerns at different levels of the business. These engagements included: • Don Robert, Kathleen DeRose, and Martin Brand met with colleagues from the EMEA businesses and discussed the challenges and opportunities of remote or hybrid working, returning to the office, and culture • Stephen O'Connor and Jacques Aigrain met with colleagues from the North and South East Asia region of the business to understand their views on culture, diversity, and concerns at different levels of the business • Cressida Hogg and Dominic Blakemore met with colleagues from the South Asia region of the business. Matters discussed included culture, employee retention, communications and the Group's plan to improve the ethnic diversity of the Group's Global Leadership • Erin Brown, Val Rahmani, and Douglas Steenland met with colleagues in the Americas and discussed an inclusive culture, building an engaged workforce, and creating a healthy and resilient organisation Directors then provided feedback to the Board at the next meeting. Additionally, David Schwimmer met colleagues in the US during visits to New York, Washington and San Francisco. David also met colleagues in Edinburgh and Paris, and held virtual meetings with colleagues in other regions. A series of leadership events were held in 2021 to provide information on the Group strategy following the acquisition of Refinitiv. The annual 'LSEG Engage' employee survey provided colleagues with an opportunity to share their viewpoint on working at LSEG. More information on workforce engagement can be found on page 73 of the Corporate governance report.	The Board considered the viewpoints of employees from different regions throughout the year. Feedback from the Board's engagement sessions with employees included that progress had been made regarding gender diversity, however further progress was required regarding the ethnic diversity of the Group's Global Leadership. The Board supported management in setting targets to increase diversity across the Group, particularly for senior leaders in the Asia region. There was two-way dialogue at all four Board engagement sessions with employees regarding the challenges faced by colleagues working from home for an extended period of time. Management and the Board have continued to prioritise the safety and wellbeing of employees, which is a key consideration in planning for returning to the office and hybrid working. Colleagues were happy with the Group's focus on wellbeing and had commended the range of support available. The Board encouraged management to continue to focus on the mental health and wellbeing of employees. There was also agreement at these sessions that a flexible and balanced approach to office and home working would be needed post-pandemic, to meet the different needs of colleagues and the business. Those in leadership positions requested further sessions on the Group's strategy, and, in response to this, the One Leadership event in June 2021 focused predominantly on the Group's purpose, strategy, and culture.

Stakeholder group	Form of engagement	How this engagement influenced Board discussions and decision making
Our regulators The Group has a significant number of regulated entities around the world. These are regulated at the legal entity level, with the primary regulators predominantly engaging with the boards of those entities.	We engage with regulators on public policy, regulation and official guidance that may affect the Group's businesses in many countries across the globe. The Group CEO has regular contact with key regulators in major jurisdictions on an individual basis and attends industry conferences such as EuroFI. During the year, he met with regulators in the US, London, Paris, Brussels, Frankfurt, Ljubljana, Madrid, Beijing, and Italy. The boards of the Group's principal regulated subsidiaries have engaged with regulators on a number of matters, including the impact and response to Covid-19, regulatory change, and operational resilience. In addition, the non-executive chairs of these subsidiaries meet with primary regulators. Regulatory priorities and relevant matters are then discussed as part of the Chairs' Forum (this forum is composed of the Chair of the Group Board and the chairs of the principal regulated subsidiaries), the outputs of which are provided by the Chair to the Group Board at the next Board meeting. Brexit was again a key topic where we had regular engagement with a number of regulators in 2021. We engaged with key regulators before and after the announcement of the divestment of the Borsa Italiana Group. We also continued to engage with regulators throughout 2021 in relation to the Refinitiv acquisition.	Given the nature and size of the Group's regulated entities and the importance of open and constructive engagement with regulators, the Group Board takes into consideration the priorities and focus areas of regulators when discharging its duties and responsibilities. This includes Board discussions on setting strategy and assessing the delivery of key objectives, for example, the integration of Refinitiv, sustainability, operational resilience and financial markets policy. The Group CEO meets with some of our key regulators from across the Group and updates the Group Board on regulatory views and priorities. Feedback from ongoing engagement with UK and international regulators on Brexit helped inform the Board's decision-making on Brexit planning. This has enabled the Group to be appropriately positioned in its response to, and planning for, the regulatory impacts of Brexit and the opportunities to deliver solutions to help the market address the changing regulatory environment, including those linked with the departure of the UK from the EU. The views of regulators were taken into account in the divestment of the Borsa Italiana Group, as well as the Refinitiv integration.

Suppliers

Our third-party suppliers are also important stakeholders of the Group. Given their importance to the Group's business model, management regularly undertakes a process to refresh the tiering of our third-party suppliers. The tiering is based on factors including the degree of criticality of the goods/services being provided to LSEG, financial spend, and risk. The Board approves all supplier contracts with a financial value of £50 million or more (over the lifetime of the contract), and receives updates on the management of, and relationships with, third-party suppliers where appropriate. The Risk Committee provides oversight of the risk relating to third-party suppliers to ensure these arrangements are managed within risk appetite and/or any issues are appropriately remediated.

In addition to the procurement and ongoing management of suppliers, a number of the Group's subsidiaries are required to report their supplier performance and policies as part of the Small Business, Enterprise and Employment Act 2015. During 2021, further steps were taken to accelerate the payment process to our suppliers and we focused on making sure purchase orders are raised and receipted promptly in compliance with the Group's procurement policy.

The Company continues to be a signatory to the Prompt Payment Code, a voluntary code of practice for businesses, administered by the Office of the Small Business Commissioner (SBC) on behalf of BEIS. It sets standards for payment practices between organisations of any size and their suppliers.

As a signatory, the Company has agreed to:

- pay suppliers on time, within agreed terms
- give clear guidance to suppliers on terms, dispute resolution and prompt notification of late payment
- support good practice throughout their supply chain by encouraging adoption of the Code

Each year we publish a statement setting out the Group's approach to managing its supply chain. More information on the Group's approach can be found at:
www.lseg.com/investor-relations/sustainability

How the Board has complied with Section 172(1) of the Companies Act 2006

Section 172 of the Companies Act 2006 (Section 172) requires a Director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. Section 172 requires a Director to have regard, amongst other matters, to the:

- Likely consequences of any decisions in the long-term;
- Interests of the company's employees;
- Need to foster the company's business relationships with suppliers, customers, and others;
- Impact of the company's operations on the community and environment;
- Desirability of the company maintaining a reputation for high standards of business conduct; and
- Need to act fairly as between members of the company.

In discharging its Section 172 duties, the Board had regard to the factors set out above. The Board recognises the importance of engaging with stakeholders and understanding their views, to help inform strategy, Board discussions and decision-making. In making decisions during the year, the Board has considered and balanced the views and interests of its stakeholders, as well as the need to promote the long-term, sustainable success of the Company. We acknowledge that every decision we make will not necessarily result in a positive outcome for all of our stakeholders. However, the Directors recognise that having a good understanding of the views and interests of the Group's stakeholders is important in delivering the Group's strategy in accordance with our purpose, vision, and values. By having a process in place for decision-making, the Board ensures that relevant stakeholder interests, including those of employees, customers, regulators and suppliers are considered by the Board during its discussions and when it takes decisions.

Depending on the decision, the relevance to each stakeholder group may differ, and equally the Board adopts a variety of methods of engagement with each of its stakeholders. The Board will sometimes engage directly with stakeholders; however, the number and distribution of the Group's stakeholders and the size of the Group overall means that stakeholder engagement often takes place at an operational level. In addition to direct engagement with stakeholders by Board members, the Board regularly receives reports and considers and discusses information from across the organisation to help it understand the impact of the Group's operations on, and the interests and views of, the Group's key stakeholders.

Decision-making and Section 172

Information on how the Board engaged with stakeholders during the year, and how this engagement influenced Board discussions and decision making during 2021 are set out on the previous pages. The following principal decisions and activities demonstrate how the Board has assessed and addressed different stakeholder interests and impacts in making decisions that support the implementation of the Group's strategy and purpose (as set out on pages 12 to 14). We believe that principal decisions are those that are material, or of strategic importance to the Group, and those that are significant to the Group's key stakeholders. Details on how our Board and its Committees operate, their responsibilities, and the matters considered during the year are contained in the Corporate Governance Report and the Committee Reports on pages 67 to 93.

The Board decisions made during the prior year regarding the acquisition of Refinitiv and the divestment of the Borsa Italiana Group were material decisions in relation to our people, our customers, our shareholders, our regulators and our other stakeholders. Following completion of the acquisition of Refinitiv, the Board is pleased with the progress of the integration and delivery against the stated financial targets.

Set out below are some examples of how the Directors have had regard to the matters set out in Section 172.

Covid-19

The impact of the Covid-19 pandemic has continued to form part of the Board's discussions and decision-making in 2021 and covered a variety of areas and matters. During 2021, the Board has balanced a desire to deliver for our customers with the need to ensure the wellbeing and safety of our workforce, and also balanced the importance of sustaining a strong financial position with supporting investment and product development and maintaining its stated policy of progressive dividends. Taking into account these competing priorities, the Board endorsed the actions and precautions taken by management to support our workforce and facilitate working from home wherever possible in accordance with government guidelines.

Employees

The impact of Covid-19 and related restrictions has been a primary concern for our workforce during the year as the pandemic continued to affect people's lives, especially working arrangements. The Board has remained committed to protecting the health, safety, and wellbeing of our workforce. Through our engagement and staff surveys, we recognise that matters and concerns such as wellbeing, sustainability, diversity, and career development remain important for our people. Board members engaged directly with employees during the year on matters and issues such as remote and hybrid working, return to office planning, culture, diversity and inclusion, and employee engagement.

Management and the Board were focused on the general wellbeing of our people and the significant volume of integration activity. Recognising the impacts on both physical and mental health, we have sought to provide appropriate support for our people. During the year we introduced a single Employee Assistance Programme (EAP) with dedicated counselling and practical information to support wellbeing. We also relaunched our global Mental Health Awareness Champions and partnered with an external provider to deliver a series of interactive webinars for employees helping to build resilience and address common wellbeing issues. A wellbeing programme specifically for people leaders was launched as a result of feedback received from the annual employee survey.

The Board also supported a phased return to office working for staff and/or hybrid working as appropriate in each region, and encouraged management to consider matters including employees' safety, mental health, and wellbeing as well as the most effective way of working for each team when doing so.

Shareholders

As well as their ongoing interest in our strategy and business performance, our shareholders and investors were interested in our priorities during the Covid-19 pandemic and the potential impact of this on our business.

Although the Board's preference had been to welcome shareholders to our 2021 AGM, in light of the ongoing Covid-19 pandemic and the UK Government's restrictions on public gatherings, the format of the AGM was altered to protect the health and safety of our shareholders, Directors and people. Given the importance of the AGM as part of our shareholder engagement programme and to ensure that we retain shareholder transparency, we provided an electronic facility for shareholders to view the AGM online and to ask questions in real time.

Other stakeholders

In 2021 we relaunched the LSEG Foundation, aligning its mission with LSEG's purpose and becoming the unified focal point for our global work in the community. This is an important milestone for the business, enabling all our employees to bring LSEG's purpose to life in society more widely and have a positive impact in the communities where we operate.

In 2021 LSEG donated over £2 million to the LSEG Foundation and other charities, with over 875 employees engaged in the global community investment programme. More than 400 charities (including those providing Covid-19 support) were positively impacted through LSEG Foundation grants, employee matched fundraising and volunteering initiatives.

Capital allocation

Each year the Board makes an assessment of the strength of the Group's balance sheet and future prospects taking into account uncertainties in the external environment. During 2021, the Group has delivered strong financial performance and made good progress on the integration of Refinitiv against the backdrop of ongoing macro-economic uncertainty and the Covid-19 pandemic. LSEG is well positioned to continue to deliver its strategy, purpose, and vision. The Group remains highly cash generative which, together with its strong financial position, has enabled strategic investment and product development. Such investment and development are beneficial for customers, employees, shareholders, and other stakeholders. Proceeds from the sale of the Borsa Italiana Group were used to significantly reduce the Group's debt levels to within the normal target range by year-end, which is aligned to our purpose of driving financial stability and was considered to be in the interest of our stakeholders.

The Board has committed to £650 million to £700 million of capital expenditure (before integration-related investment) over the next two years, which includes investment in technology. A key component of our technology strategy is ensuring resilient, reliable, and uninterrupted access to financial markets for our customers.

The Board recommended an increased final ordinary dividend of 70.0 pence per share, bringing the total ordinary dividend for 2021 to 95.0 pence per share, an increase of 27% (2020: total dividend of 75.0 pence). In making its decisions on capital allocation and dividends, the Board considered a range of factors. These included: the long-term viability of the Group; its expected cash flow and financing requirements; and the ongoing need for strategic investment in our business and our workforce, as well as the expectations of our shareholders and investors.

Sustainability

During the year the Board considered and discussed updates on sustainability matters and the Group's position on sustainability. LSEG is committed to being an enabler of sustainable economic growth. In 2021, following the completion of the Refinitiv acquisition, we reset our sustainability ambition and strategy, to reflect the scale and urgency of global sustainability challenges, our central role in financial markets and LSEG's new scale and capabilities.

The Board determined that approval of the sustainability strategy and the climate transition plan are matters for the Board. Our new sustainability strategy is anchored in LSEG's purpose of driving financial stability, empowering economies, and enabling customers to create sustainable growth. The Board considered and agreed that a climate-related resolution be put to shareholders at the 2022 AGM. We also formalised our commitment with the creation of a Group Strategic Objective for 2022: "To establish LSEG as a strategic enabler of sustainable economic growth".

More details on our approach to sustainability and climate change can be found in the Enabling sustainable growth section on pages 20-30 and in the separate Sustainability Report.

Diversity & Inclusion

The Board believes that having a diverse workforce makes us more dynamic, fosters innovation and boosts performance. As a global organisation we recognise that diversity can mean different things across our different locations.

A common theme from the engagement with stakeholders, is the importance of diversity to our employees, customers, shareholders, and other stakeholders. As an organisation, we have set four key goals:

i. create a culture that fosters belonging;
ii. build a diverse leadership team;
iii. accelerate progression of underrepresented talent; and
iv. shape inclusion in our industry.

At the end of 2021, female representation on the Board was over 40%. The Board is also pleased to confirm that it has met the Parker Review Recommendations. Further activity and progress made in relation to diversity and inclusion that the Board considered and discussed during the year included the following:

- Committed to targets to increase ethnic diversity in our senior leadership; to have 20% of our leaders from ethnic groups that are underrepresented by the end of 2023, and 25% by the end of 2025
- Introduced new global targets for gender diversity; to have female representation at 40% in senior leadership roles by the end of 2022
- Approved a refreshed Board Diversity Policy, which is publicly available on our website
- The design and implementation of a new, global D&I framework, with ownership allocated to a sub-committee of the Group Executive Committee to drive accountability
- Made a commitment to introduce ethnicity pay gap reporting in 2022

Governance

This section of the Annual Report describes how LSEG is governed and the control structures we have in place.

Good corporate governance is key to promoting the long-term sustainable success of the Company, achievement of the Group's objectives, generating value for shareholders and contributing to wider society.

IN THIS SECTION

Corporate governance introduction

> The Board is responsible for promoting the long-term sustainable success of the Company, the Company's purpose, values and strategy, generating value for shareholders and engaging effectively with stakeholders

Don Robert
Chair

Dear Shareholders,
I am very pleased to present the Corporate Governance Report for the year ended 31 December 2021. This report provides an overview of how LSEG is governed and the control structures we have in place. The Board is responsible for the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society. The Board does this by supporting and challenging executive management to ensure we operate to high governance standards. This report explains how we seek to achieve this. It also contains some highlights from my perspective as Chair.

Together with the reports of the Committees, we have set out how the UK Corporate Governance Code has been applied in the year. At the heart of the Code is a set of principles that emphasise the value of good corporate governance to long-term sustainable success.

Board composition and diversity

2021 was a year of great change for the Group following the acquisition of Refinitiv. There have also been several changes to the Board's composition during the year. The purpose of the Board changes is to ensure we continue to refresh the Board's key skills and experience and to enhance the strength of the Board, also having regard to board diversity and to ensure the Board has the appropriate mix of skills and experience to lead the enlarged Group.

The Board believes that diversity makes us more dynamic, fosters innovation and boosts performance, and I am pleased to confirm that the Board currently meets the recommendations contained in both the Hampton-Alexander Review and the Parker Review on gender and ethnic diversity.

On 1 June 2021, Tsega Gebreyes and Ashok Vaswani joined the Board as Independent Non-Executive Directors. Tsega joined the Risk and Remuneration Committees and Ashok the Audit and Risk Committees. Both also joined the Nomination Committee. Both bring deep financial services and commercial experience in senior global roles, which is of great benefit to the Group as we continue to develop our global business and capitalise on the digital transformation of financial markets infrastructure.

On 6 August 2021, Stephen O'Connor, Senior Independent Director (SID), stepped down from the Board, and Cressida Hogg assumed the role of SID on the same date. Given Cressida's strong board leadership experience and corporate background, I am delighted that she accepted this position. I would like to thank Stephen for his contributions during his tenure as a Director of LSEG; he remains a Director of London Stock Exchange plc. As we announced last year, Jacques Aigrain will step down from the Board at the AGM in 2022. Cressida took over as Chair of the Remuneration Committee from Jacques in October 2021 although Jacques remains as a member of the Committee until he steps down from the Board.

The work of the Nomination Committee, including the process followed in relation to Board appointments, is described on pages 81 to 82 of this report.

As disclosed in the 2020 Annual Report, Martin Brand, Erin Brown, and Douglas Steenland joined the Board on 29 January 2021 pursuant to the terms of the Relationship Agreement[1] which was put in place as part of the acquisition of Refinitiv.

Board effectiveness review

This year's effectiveness review was conducted by the Group Company Secretary using a detailed questionnaire provided by an external provider, Lintstock. Results and agreed areas of focus for the Board are described on page 75. The Board will ensure that these focus areas are acted upon to further improve Board performance. I can confirm that the actions from the 2020 effectiveness review have been completed.

Board site visits and workforce engagement

Opportunities to visit our operations globally, engage directly with the workforce, and learn about the business continue to be very important and valuable for the Board. Regrettably, in person engagement was restricted during 2021 due to Covid-19.

During 2021, the Board engaged with the workforce virtually through a series of Board conversations with employees in key regional locations. These meetings were designed to increase Board members' visibility with the workforce, to gain real insights into the culture and concerns at different levels of the business, and to have meaningful, regular dialogue with the workforce. This was particularly important in 2021 as we seek to integrate the Refinitiv business. The feedback that Board members received from the direct engagement with the workforce was shared with the Board at each meeting and the Board has encouraged management to respond to any feedback and to take appropriate action.

More information on workforce engagement can be found on page 62 of the Strategic Report and page 73 of this Corporate Governance Report.

1 Relationship Agreement means the relationship agreement effective 29 January 2021 between the Company, York Parent Limited, York Holdings II Limited, York Holdings III Limited and BCP York Holdings (Delaware) L.P. which governs the relationship between the parties following completion of the Refinitiv acquisition. Further information on the Relationship Agreement can be found at pages 65–70 of the shareholder prospectus dated 9 December 2020 and available on the LSEG website

Corporate governance introduction continued

Committee Governance

The Chairs of the Audit Committee, Risk Committee, Nomination Committee and Remuneration Committee report on the activities of each of the committees during the year. I would like to thank the Committee Chairs for the work they have done during the year.

Sustainability

As described in the Enabling sustainable growth section of the Strategic Report (pages 20-30), LSEG has many initiatives in place to deliver our commitment to be a strategic enabler of sustainable economic growth. Given our central role in capital markets, our global footprint and presence throughout the trade lifecycle, LSEG is uniquely positioned to play a leading role in this respect.

LSEG's role in sustainability, and climate change in particular, is very important to the Board, as well as the Group's shareholders, employees, customers and regulators. The Board is committed to meeting the expectations of our shareholders and stakeholders in this regard, and in demonstrating our commitment, will include a resolution at the 2022 AGM allowing shareholders an advisory vote on our climate transition plan.

Compliance with the UK Corporate Governance Code 2018 (the "Code")

The Company has complied with the principles of the Code throughout the financial year ended 31 December 2021 and to the date of this report.

The Company is also required to disclose whether it has complied with the provisions of the Code during the financial year. As disclosed in the 2020 Annual Report, provision 20 of the Code states that companies should generally use open advertising and/or an external search consultancy for the appointment of the Chair and Non-Executive Directors; Martin Brand, Erin Brown and Douglas Steenland were appointed pursuant to the Relationship Agreement. For more detailed information on the Board appointment process, please see pages 81 to 82 of the Nomination Committee Report.

This report is intended to give shareholders a clear and comprehensive picture of the Group's governance arrangements and how they operated during the year. Pages 74 to 80 set out details of the areas of our focus during the year, followed by the Committee reports.

Conclusion

I hope you find this report helpful and informative in understanding governance at LSEG.

I encourage all shareholders to vote their shares in favour of all resolutions to be considered at our AGM in April 2022, even if you are unable to attend in person. This will allow us to gain a better understanding of the views of our shareholders. Details of the AGM will be included in the Notice of Meeting.

Don Robert
Chair
2 March 2022

Board of Directors

Committee membership key

- A Audit
- R Remuneration
- G Group Executive
- N Nomination
- R Risk
- ● Committee Chair

Board structure as at 31 December 2021

- Chair, who was independent on appointment
- One Senior Independent Director
- Six independent Non-Executive Directors
- Three Non-Executive Directors (Shareholder Directors)
- Two Executive Directors

Director changes during the year

The following Directors were appointed as Directors during the year: Martin Brand, Erin Brown and Douglas Steenland joined the Board on 29 January 2021. Tsega Gebreyes and Ashok Vaswani joined the Board on 1 June 2021.

Stephen O'Connor stepped down from the Board on 6 August 2021, having served over eight years on the Board. Cressida Hogg was appointed Senior Independent Director with effect from 6 August 2021. Cressida was also appointed as Chair of the Remuneration Committee. Jacques remains on the Committee until he steps down from the Board at the AGM in 2022.

Don Robert

Chair of the Company and the Nomination Committee.

Appointed to the Board in January 2019 and Chair of the Company on 1 May 2019. N R

Key areas of experience: Data and analytics, technology, international business, financial services, regulation, mergers and acquisitions.

Don brings to the Board a strong track record in the global financial services sector and a deep understanding of technology, data and analytics as well as regulatory knowledge gained from his Bank of England role.

Relevant past experience: Don served in a variety of roles with the multinational information company Experian plc, including Chairman (2014-2019), Group Chief Executive (2005-2014), and CEO of its North American business (2001-2005).

Previous senior roles include: Chairman of Achilles Group Limited, former Chairman of the US Consumer Data Industry Association, Director and Trustee of the National Education and Employer Partnership Taskforce, NED First Advantage Corp and Senior Independent Director at Compass Group plc and a Non-Executive Director of the Court of Directors, Bank of England.

Other current appointments: Chairman of Validis Holdings Limited and the Chair of the Council at the London School of Hygiene & Tropical Medicine. Don is a Partner at the start up PE firm, Corten Capital, and a NED of FlexCharge. Don is also a Visiting Fellow at Oxford University and Honorary Group Captain, Royal Air Force.

David Schwimmer

Group Chief Executive Officer.

Appointed to the Board in August 2018. G

Key areas of experience: Market structure, corporate finance, capital markets, mergers and acquisitions, emerging markets.

David brings significant knowledge of market structure and investment banking to the Board.

Relevant past experience: Prior to joining the Group in August 2018, David spent 20 years at Goldman Sachs, where he held a number of senior roles, most recently as Global Head of Market Structure and Global Head of Metals & Mining. During his tenure, he also served as Chief of Staff to Lloyd Blankfein, who was then President and COO of Goldman Sachs, and spent three years in Russia as Co-Head of Russia/CIS. Prior to joining Goldman Sachs, he practised law at Davis Polk & Wardwell.

Other current appointments: NED at the Center for New American Security (not-for-profit).

Anna Manz

Group Chief Financial Officer.

Appointed to the Board in November 2020. G

Key areas of experience: Accounting, corporate finance, investor relations, risk, mergers and acquisitions, strategy, transformation, treasury management.

Anna brings significant consumer, financial, strategic, and transformational experience to the Board.

Relevant past experience: Prior to joining the Group in November 2020, Anna was Chief Financial Officer and Executive Director of Johnson Matthey plc from 2016 to 2020, leading its Finance, Procurement, and IT functions.

Prior to joining Johnson Matthey plc, Anna spent 17 years at Diageo plc in a number of senior finance roles, including most recently as Chief Strategy Officer and member of the Executive Committee, and previously Finance Director of Spirits North America, Group Treasurer and Finance Director Asia Pacific.

Other current appointments: Anna is currently a NED of ITV plc.

Jacques Aigrain

Independent Non-Executive Director.

Appointed to the Board in May 2013. A N R

Key areas of experience: Client management, corporate finance, corporate governance, post trade and clearing, investment management, mergers and acquisitions, strategy.

Jacques brings significant expertise and knowledge of global post trade and clearing and investment management to the Board. He also holds a PhD in Economics from the University of Paris (Sorbonne).

Relevant past experience: Jacques was formerly Chair of LCH Group Holdings Limited from 2010 to 2015. He has also been a NED of Resolution Ltd, a Supervisory Board member of Deutsche Lufthansa AG, a NED of the Qatar Financial Centre Authority and a NED of Swiss International Airlines AG (a subsidiary of Deutsche Lufthansa AG). Jacques was also Chief Executive Officer of Swiss Re Group from 2006 to 2009 and a Senior Adviser at Warburg Pincus LLC from 2014 to 2020.

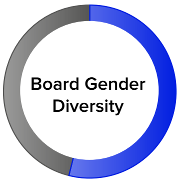
Prior to 2001 (when he joined Swiss Re Group), Jacques spent 20 years with J.P. Morgan Chase, working in its New York, London, and Paris offices.

Other current appointments: Jacques is currently Chairman of LyondellBasell Industries NV, Chairman of Singular Bank S.A.U., NED of Clearwater Analytics and a NED of WPP plc.

Board of Directors continued

Committee membership key

A Audit
R Remuneration
G Group Executive
N Nomination
R Risk
● Committee Chair



Key
- Male: 7
- Female: 6

The Board meets the recommendations on gender and ethnic diversity contained in both the Hampton-Alexander Review and the Parker Review.

Dominic Blakemore

Independent Non-Executive Director and Chair of Audit Committee.

Appointed to the Board in January 2020. A N R

Key areas of experience: Accounting, corporate finance, investor relations, mergers and acquisitions, strategy, treasury management.

Dominic is currently Group Chief Executive Officer of Compass Group PLC, a role he assumed in January 2018.

Dominic's previous roles at the Compass Group included: Group Finance Director from 2012 to 2015 and Group Chief Operating Officer, Europe from 2015 to 2017, before becoming Deputy Chief Executive Officer in October 2017.

Dominic brings extensive financial management experience to the Board gained from a number of senior finance roles in international businesses together with general operational management experience. Dominic is a chartered accountant.

Relevant past experience: Dominic was formerly a NED and Chair of the Audit, Risk and Compliance Committee of Shire plc from 2014 to 2018 and Chief Financial Officer of Iglo Foods Group Limited from 2010 to 2011. Before joining Iglo, Dominic was European Finance & Strategy Director at Cadbury plc from 2008 to 2010 having previously held senior finance roles at that company. Prior to his role at Cadbury plc, Dominic was a Director at Pricewaterhouse Coopers LLP.

Other current appointments: Dominic is also a member of the Council of University College London.

Martin Brand

Non-Executive Director.

Appointed to the Board in January 2021. N

Key areas of experience: Mergers & acquisitions, technology, media, telecoms, corporate finance, strategy, chair.

Martin brings extensive mergers & acquisitions expertise to the Board gained from his executive roles at Blackstone and his board roles within technology, media, telecom, and financial institutions.

Martin is a Senior Managing Director and serves as co-head of U.S. Acquisitions for Blackstone's Private Equity Group. Martin leads Blackstone's investments in technology, media, telecom, and financial institutions. He serves as a member of the investment committee of Blackstone's Tactical Opportunities funds. Martin was involved in Blackstone's investments in Refinitiv, MagicLab, Promontory Interfinancial Network, Paysafe, Vungle, Ultimate Software, JDA, Optiv, Kronos, Ipreo, Knight Capital Group, Lendmark, Exeter Finance, Viva, NCR, First Eagle Investment Management, BankUnited, PBF Energy, Performance Food Group, Travelport, New Skies, Cine UK, NHP, Kabel BW, Kabelnetz NRW, Primacom, and Sulo.

Relevant past experience: Martin previously worked as a derivatives trader with Goldman Sachs in New York and Tokyo, and with McKinsey & Company in London. He was previously a director of Refinitiv until 2021, and was Chairman of Tradeweb Markets Inc until February 2022.

Other current appointments: Martin is a Director of UKG, Exeter Finance, IntraFI, and First Eagle. He is a Trustee of the American Academy Berlin and a Director of the Park Avenue Armory.

Erin Brown

Non-Executive Director.

Appointed to the Board in January 2021. N

Key areas of experience: Accounting, corporate finance, mergers and acquisitions and treasury management.

Erin brings significant international financial management expertise to the Board.

Relevant past experience: Erin has served in a number of senior executive roles at Thomson Reuters and is currently Head of Finance for the Thomson Reuters Corporates segment. Erin joined Thomson Reuters in 2011 and previously served as Treasurer, Vice President of Knowledge Solutions—Tax & Accounting, Vice President, Finance, and Vice President and Assistant Treasurer.

In 2018, Erin led Thomson Reuters' sale of a 55% interest in its former Financial & Risk business (now Refinitiv) to certain investment funds affiliated with Blackstone. Prior to joining Thomson Reuters, Erin held a number of finance roles at General Motors from 2003 to 2011. Erin has been a director of York Parent Limited since September 2019.

Other current appointments: None.

Professor Kathleen DeRose

Independent Non-Executive Director and Chair of the Risk Committee.

Appointed to the Board in December 2018. R A N

Key areas of experience: FinTech, financial markets, asset management.

Having spent 30 years working in global finance and asset management, Kathleen brings significant FinTech and global financial market expertise to the Board.

Relevant past experience: Kathleen previously held a number of senior roles at Credit Suisse Group AG from 2010 to 2015.

Other roles Kathleen has undertaken have included Managing Partner, Head of Portfolio Management and Research at Hagin Investment Management (2006 to 2010), and Managing Director, Head of Large Cap Equities at Bessemer Trust (2003 to 2006). Prior to 2003, Kathleen also held a number of roles at Deutsche Bank, and at JPMorgan Chase (formerly Chase Manhattan Bank).

In addition to her senior executive positions, Kathleen served as a board member of EDGE (Economic Dividends for Gender Equality) from 2014 to 2015, and she was founding Chair of Evolute Group AG from 2016 to 2017.

Other current appointments: Kathleen is a NED of Voya Financial, Inc., Enfusion, Inc. and a Clinical Associate Professor of Finance at the New York University Leonard N. Stern School of Business where she leads the FinTech curriculum. She is also the Director of the Fubon Center for Technology, Business, and Innovation, and its FinTech initiative.

Tsega Gebreyes

Independent Non-Executive Director.
Appointed to the Board in June 2021. N R R

Key areas of experience: Financial services, international business, mergers and acquisitions, mobile commerce, technology.

Tsega is currently Founder Director at Satya Capital Limited, an independent investment group focused on providing long-term growth capital. She brings deep financial services and commercial experience to the Board gained from global senior executive and non-executive roles.

Relevant past experience: Tsega spent seven years at Celtel International (re-branded Zain Group), a leading mobile telecommunications provider in the Middle East and North Africa. During her tenure at Celtel, Tsega held a variety of senior roles including Senior Group Adviser, Zain Africa BV (2007 to 2016), Chief Strategy and Development Officer (2005 to 2007), Chief Business Development and Mergers & Acquisitions Officer (2003 to 2005) and Director, Mobile Commerce and New Product Development (2000 to 2003). From 1996 to 2000, Tsega was Founding Partner at New Africa Opportunity Fund LLP.

In addition to her senior executive positions, Tsega has served as a Non-Executive Director of Celtel International BV (1998 to 2000), Hygeia Nigeria Limited (2009 to 2015), ISON Group (2013 to 2018) and Sonae SA (2015 to 2019). She was also a Trustee of the global charity, Save the Children, from 2009 to 2010.

Other current appointments: Tsega is currently Vice Chair and Chair of the Finance Committee of SES SA and NED of Airtel Africa plc.

Cressida Hogg CBE

Senior Independent Director and Chair of the Remuneration Committee.
Appointed to the Board in March 2019. R N

Key areas of experience: Chair, corporate governance, infrastructure and private equity, mergers and acquisitions, pensions.

Cressida brings significant board experience to the Group combined with a strong corporate background in infrastructure and private equity. Cressida currently chairs the Board of Directors of Land Securities Group PLC, having first joined the Board as a Non-Executive Director in 2014.

Relevant past experience: Cressida spent nearly 20 years with 3i Group plc and was one of the co-founders of 3i's infrastructure business in 2005, becoming Managing Partner in 2009. During this time, Cressida advised on all of 3i's infrastructure transactions.

She was also Global Head of Infrastructure at Canada Pension Plan Investment Board between 2014 and 2018.

In addition to her senior executive positions, Cressida served as a NED of Associated British Ports Holdings Limited and as a NED of Anglian Water Group.

Other current appointments: Cressida's principal activities currently performed outside of LSEG are as Chair of the Board of Land Securities Group PLC and NED of Troy Asset Management.

Dr Val Rahmani

Independent Non-Executive Director.
Appointed to the Board in December 2017. N R R

Key areas of experience: Technology, technical risk management, digital transformation, innovation, sales and marketing, strategy, corporate governance.

Val brings significant expertise and knowledge of technology and technical risk management to the Board gained from almost 30 years with IBM and four years as CEO of a cyber security start up.

Val has wide-ranging experience as a senior executive in the technology sector fulfilling the role of general manager, board member, start-up mentor, management consultant and public speaker. Val holds a DPhil in Chemistry from the University of Oxford.

Relevant past experience: Val is a former NED of Aberdeen Asset Management plc and Teradici Corporation. Val previously ran the Innovation Panel for Standard Life Aberdeen.

Other current appointments: Val is a NED and member of the Audit Committee at RenaissanceRe Holdings Limited. She is also a NED, member of the Audit and Nomination/Governance Committees, and Chair of the Compensation Committee of CTG Inc. She is a NED and member of the Audit Committee of Elliott Opportunity II SPAC, and a NED and member of the Compensation Committee of Entrust.

Douglas Steenland

Non-Executive Director.
Appointed to the Board in January 2021. N

Key areas of experience: Mergers & acquisitions, international business, financial services and insurance, corporate law and finance, strategy, chair, travel, and airlines.

Relevant past experience: Douglas has been a Senior Adviser to Blackstone Private Equity Group since 2009.

Douglas is the former Chief Executive Officer of Northwest Airlines Corporation, serving from 2004 to 2008, and President, serving from 2001 to 2004. Prior to that, he served in a number of executive positions from 1991 including: Executive Vice President, Chief Corporate Officer and Senior Vice President and General Counsel. Douglas retired from Northwest Airlines upon its merger with Delta Airlines, Inc.

Prior to that, he was a senior partner at Washington, D.C. law firm Verner, Liipfert, Bernhard, McPherson and Hand (now part of DLA Piper) and worked in the Office of the General Counsel of the US Department of Transportation.

Douglas was Chairman of the Air Transport Association from January 2008 to December 2009, after serving as a Director from 2005 to 2008, and previously a Director of International Lease Finance Group, Travelport LLC and Performance Food Group Company.

Other current appointments: Douglas is Non-Executive Chairman of American International Group, Inc., Director of Hilton Worldwide Holdings Inc. and Director of American Airlines Group, Inc.

Ashok Vaswani

Independent Non-Executive Director.
Appointed to the Board in June 2021. A N R

Key areas of experience: Corporate and retail banking, financial services, international business, mergers and acquisitions, technology, risk management, wealth management.

Ashok is currently Chief Digital Strategy Officer at Barclays plc. He brings deep financial services and commercial experience to the Board gained from global senior executive roles.

Relevant past experience: Since 2010, Ashok has served in a variety of Chief Executive Officer roles within the Barclays Group, including, Global Consumer Banking & Payments (2019 to 2021), Barclays UK (2016 to 2019), Personal and Corporate Banking (2014 to 2016), Retail and Business Banking (2012 to 2014), UK Retail and Business Banking (2011 to 2012), Africa (2010 to 2011) and Barclaycard Europe (2010).

Prior to joining Barclays, Ashok was a Partner at Brysam Global Partners LLC (2007 to 2009), a private equity firm specialising in consumer financial services in emerging markets. From 1987 to 2007, Ashok held a number of senior roles within Citigroup Inc. including Chief Executive Officer of the Asia Pacific Consumer Bank in Singapore (2004 to 2007) and Chief Administrative and Chief Financial Officer at CitiCards (2001 to 2004).

Other current appointments: Ashok is a member of the Trustee Board at Citizens Advice and serves as a board member of Pratham UK and The Clearing House, US.

Corporate governance

Board responsibilities

The LSEG Board is collectively responsible for the long-term, sustainable success of the Company, generating value for its shareholders and contributing to wider society.

The Board:

- Provides leadership of the Company, and is responsible for setting the strategy and maintaining high standards of governance
- Sets the Company's purpose, values and strategic aims and satisfies itself that these and its culture are aligned
- Ensures necessary resources are in place for the Group to be able to meet its objectives and measures performance against these. This includes the establishment of a framework of prudent and effective controls, which enable risk to be assessed and managed
- Reviews financial and business performance
- Leads the development of the Company's culture, values, and behaviours
- Ensures that its responsibilities to shareholders and stakeholders are met, including through effective engagement. This includes having workforce policies and practices that are consistent with the Company's values and support the Company's long-term sustainable success
- In carrying out their duties, the Directors act in accordance with all relevant and applicable legislative and regulatory rules. In particular, they take into account Directors' duties contained in the Companies Act 2006 (the "Act") and will consider the factors listed in section 172 of the Act and any other relevant factors

LSEG's section 172(1) statement for the year ended 31 December 2021, including illustrations of Board decisions taken during the year, can be found on pages 64 to 65 of the Strategic Report.

Board Committees

The Board has delegated certain responsibilities to four Board Committees: the Audit, Nomination, Remuneration, and Risk Committees. Full details of the Committees' responsibilities are set out in individual terms of reference and the work undertaken by each Committee during the financial year is detailed within the respective Committee reports on pages 81 to 93.

Board and Committee meetings 2021

As at the date of this report, the Board is composed of 13 members: the Chairman, seven Independent Non-Executive Directors, three Non-Executive Directors (the shareholder appointed Directors), and two Executive Directors. The table below shows the attendance at the scheduled Board and Committee meetings. Biographical information of the current directors can be found on pages 69 to 71.

The table shows the number of meetings attended against the number of meetings each Director was eligible to attend.

Name of Director	Board	Audit	Nomination	Remuneration	Risk
Don Robert	6/6	–	2/2	4/4	–
David Schwimmer	6/6	–	–	–	–
Anna Manz	6/6	–	–	–	–
Jacques Aigrain	6/6	4/4	2/2	4/4	–
Dominic Blakemore[1]	4/6	3/4	1/2	–	3/4
Martin Brand	6/6	–	2/2	–	–
Erin Brown	6/6	–	2/2	–	–
Professor Kathleen DeRose	6/6	4/4	2/2	–	4/4
Tsega Gebreyes[2]	4/4	–	1/1	3/3	3/3
Cressida Hogg CBE	6/6	–	2/2	4/4	–
Dr Val Rahmani	6/6	–	2/2	4/4	4/4
Douglas M. Steenland	6/6	–	2/2	–	–
Ashok Vaswani[2]	4/4	3/3	1/1	–	3/3
Directors who left during the year					
Stephen O'Connor[3]	4/4	3/3	1/1	–	3/3

1 Dominic Blakemore was unable to attend certain Board and Committee meetings due to illness. The meetings took place in October and December 2021 with the relevant committee meetings taking place the day before the Board meeting
2 Tsega Gebreyes and Ashok Vaswani joined the Board on 1 June 2021
3 Stephen O'Connor stepped down from the Board on 6 August 2021

Attendance at Board Meetings

When Directors were not able to attend meetings, they received and reviewed the relevant meeting papers. Where they had comments or concerns on the matters to be discussed, they provided these to the Chair of the Board or Committee in advance of the meeting. The Chair of the Board engaged with Directors between Board meetings to discuss business and strategic issues. The Chair met with the Non-Executive Directors, without the Executive Directors being present, at the end of every scheduled Board meeting.

Some Directors attended Committee meetings where they were not members of the relevant Committee. These attendances are not recorded in the above table. The Board believes these interactions assist in the understanding of the business of the Group and any issues by the Directors.

Comprehensive Board and Committee papers, comprising an agenda and formal reports and briefing papers are sent to Directors in advance of each meeting. Directors are also updated with written and verbal reports, from senior executives and external advisers.

Stakeholder Engagement

The Board seeks to understand the interests, needs and concerns of shareholders and other key stakeholders to enable the Company to pursue long-term sustainable success; this includes customers, the workforce, and regulators.

For more information on how we engage with our stakeholders as well as how the Board has discharged its duties under Section 172 of the Companies Act, please see pages 61 to 65 of the Strategic Report.

Relations with shareholders

We believe that regular and ongoing engagement with our key stakeholders and, in particular, our shareholders is central to good corporate governance. The Group's Investor Relations (IR) function, reporting to the Chief Financial Officer, manages a shareholder engagement programme throughout the year.

Senior management and the IR team engage with investors to discuss strategy, performance, sustainability, and other matters. During 2021, engagement was undertaken in a variety of formats. When permitted to, in person engagement was undertaken. Where this was not possible, engagement was held virtually. Senior executive management and the IR team took part in virtual conferences hosted by banks or industry organisations, and in group and one-on-one calls. Across the year, we spoke with over 700 institutional equity and debt investors primarily from the UK, North America, and Europe.

In 2021, we engaged with new and existing shareholders following the completion of the Refinitiv acquisition, ran an extensive debt-investor roadshow as part of our debt refinancing programme and hosted two Investor Education Events focused on the Group's Data & Analytics and FX businesses.

The Chair, Senior Independent Director and Chairs of each Board Committee are available to engage with major investors, typically to discuss corporate governance matters. The Chair engaged with major shareholders in order to understand their views on governance and performance against the Company's strategy. The Chair of the Remuneration Committee also directly consulted with a number of shareholders on remuneration matters.

The Board receives a report on IR matters at each of its scheduled meetings, including feedback from investors, market expectations of financial performance and updates on share register composition. Sell-side analyst research notes are circulated to the Board and senior executives. The Group's corporate brokers also provide the Board with advice on market sentiment, input on market communications and share register analysis.

In addition to information on financial and operational performance, the Group engages with shareholders and relevant shareholder advisory agencies on environmental, social and governance (ESG) matters. The Group produces an annual Sustainability Report that details its approach to ESG matters: www.lseg.com/investor-relations/sustainability.

The AGM would normally provide the opportunity for all shareholders to meet and to put questions to the Board of Directors. We were disappointed that for the second year in a row, as a result of the global pandemic, we were unable to hold our AGM in April 2021 in person. We appreciated shareholders' understanding in light of the ongoing Covid-19 related restrictions. The 2022 AGM will, however, be a physical AGM at Butchers' Hall and we look forward to welcoming shareholders to the meeting.

The IR section of the Group's website (www.lseg.com/investor-relations) is a primary source of regularly updated information about the Group. All financial reports and statements, regulatory news service announcements and disclosures, presentations and other relevant 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. Recognising that joining our preliminary and interim results conference calls is not always possible, recordings of these calls are accessible to all shareholders via the Group website.

Workforce Engagement

During the year the Board has continued its direct engagement with a wide cross section of the workforce to better understand their perspective and views on the business, albeit that employees and Directors were only able to attend the office and travel overseas on a limited basis during the year. This was in addition to the indirect engagement via the 'LSEG Pulse' and 'LSEG Engage' surveys which sought the views of colleagues across the Group. The results of the surveys and the proposed action in response to feedback were discussed by the Board. For further information, please see page 62.

During 2021 the Board engaged with the workforce in Asia, the Americas, and EMEA virtually through a series of Board conversations with employees. These engagement sessions were designed to provide Board members with an opportunity to increase their visibility with the workforce and gain insights into the culture and concerns at different levels of the business.

An agenda and questions were provided in advance. Topics on which the Board asked for views included the challenges and opportunities of remote or hybrid working, return to the office, diversity, building an inclusive culture, building an engaged workforce, and creating a healthy and resilient organisation.

Feedback received from colleagues who attended the sessions was that the cultural message from the Board was well received, however, implementation in some locations required further work. Progress had been made regarding gender diversity, however further progress was required regarding the ethnic diversity of the Group's Global Leadership. The Board supported management in setting targets to increase diversity across the Group, particularly in regard to senior leaders in the Asia region.

There was two-way dialogue at all of the meetings regarding the challenges faced by colleagues working from home for an extended period of time. Management and the Board have continued to prioritise the safety and wellbeing of employees, which is a key consideration in planning for returning to the office and hybrid working. Colleagues were happy with the Group's focus on wellbeing and had commended the range of support available. The Board encouraged management to continue to focus on the mental health and wellbeing of the workforce.

Directors who attended these workforce engagement sessions provided updates to the rest of the Board at the next Board meeting.

Other ways in which the Board has engaged with the workforce

The Board has also engaged with the workforce and sought to understand their views through a range of other mechanisms including:

- **Employee listening:** the Board received the results of the LSEG Pulse survey, which provided colleagues with the opportunity to share their perspectives on their early experiences of the newly combined organisation during the first 100 days. Later in the year, colleagues were invited to participate in the Group's main engagement survey, LSEG Engage, designed to gather feedback on the behavioural indicators that support our cultural message. In 2021, 81% of the organisation participated in LSEG Engage (up 7% vs LSEG Pulse). The engagement index of 73 remained stable throughout the year, reflecting our strong commitment to listening and building an environment where diverse perspectives are valued and where people feel they can share their views. The insights from LSEG Pulse were also used to inform our approach to hybrid working in response to the ongoing global pandemic.

- **Diversity & Inclusion (D&I):** the Board believes that having a diverse workforce makes us more dynamic, fosters innovation and boosts performance. The Board supported the targets for senior leadership set by management which now include targets for ethnic diversity alongside existing gender diversity targets. Those targets are being expanded further to Group Director level to help build pipelines into senior leadership and Group Director positions. The Board regularly tracks progress against these targets through D&I reporting. For more information on D&I see pages 24 to 25.

The Board believes that the method and range of engagement activities that it has undertaken during the year with the workforce, as described in the stakeholder engagement section and this section of the Annual Report, are effective and have facilitated meaningful, two-way dialogue between the Board and employees. The forms of engagement undertaken during the year have enabled the Board to hear from as broad a range of our workforce as possible both across our regions and at different levels of seniority and role type, given the size and global footprint of the Group post the acquisition of Refinitiv.

Further information
More information on workforce engagement can be found in the stakeholder engagement section on page 62.

Board Independence

The Board has evaluated the independence of all the Non-Executive Directors. In assessing each Director, the Board considers whether there are relationships or circumstances which are likely to affect or could appear to affect a director's judgement.

Martin Brand, Erin Brown and Douglas Steenland were appointed to the Board as Non-Executive Directors effective 29 January 2021. Martin Brand and Douglas Steenland represent Blackstone and Erin Brown represents Thomson Reuters. Blackstone and Thomson Reuters are each considered to be significant shareholders of LSEG. The Board agreed that Shareholder Directors would not be considered independent under the Code given their relationships with appointing shareholders. They are not members of the Audit, Remuneration or Risk Committees.

The Board has evaluated the independence of the other Non-Executive Directors and concluded that each are independent in character and judgement. The Chair was independent on appointment.

In line with the Code, all Directors are subject to annual re-election at the Company's AGM.

Matters considered by the Board

Each of the regular meetings includes a wide-ranging report from the Chief Executive Officer and reports from the Chief Financial Officer on the Group's financial performance and from the Chief Operating Officer and Head of Integration on the progress of the integration programme. Reports from the Committee Chairs and updates on major projects were also reported on at each Board meeting.

During the year, the key matters considered by the Board included the following:

Customer
- Customer matters, including the opportunities created as a result of the acquisition of Refinitiv, were discussed regularly throughout the year
- One of the Group Strategic Objectives in 2021 was to redefine the customer engagement model and commercial strategy. This aimed to deliver a consistent and high-quality customer experience of one organisation across the Group. For further information, please see page 12.

Strategy, execution and integration
- Regular updates on progress against the strategic objectives, capital expenditure investment projects and key projects and programmes
- Regular updates on integration, including in relation to achieving the stated targets and synergies, customer matters, people and culture, transformation and technology
- Divestment of Borsa Italiana Group for €4.4bn. Subsequently, the Board agreed to use the proceeds of sale to repay indebtedness related to the Refinitiv acquisition and for general corporate purposes
- Held an annual Board strategy day at which the Group's strategy was considered and approved

Sustainability
- Considered and challenged updates on sustainability matters and the Group's position on sustainability
- Decided that approval of the sustainability strategy and the climate transition plan are matters requiring approval by the Board
- Considered and agreed that a climate-related resolution be put to shareholders at the 2022 AGM.

People and culture
- Received regular updates on employee welfare during the Covid-19 pandemic, including future ways of working, challenges and opportunities, and the return to the office.
- The Directors reported at relevant meetings their engagement with colleagues across the Group. The Board encouraged management to consider the feedback from colleagues and act on feedback where appropriate.
- Reviewed the results of a pulse survey and the results of the annual LSEG Engage survey. The Board endorsed the actions proposed by management in response to the feedback from the workforce.
- The Board approved the appointments of Martin Brand, Erin Brown and Douglas Steenland to the Board as Shareholder Directors with effect from 29 January 2021. Tsega Gebreyes and Ashok Vaswani were also appointed to the Board on 1 June 2021. The Board also approved Cressida Hogg's appointment as Chair of the Remuneration Committee and Senior Independent Director.

Finance, investor relations and capital
- The Board regularly reviewed and challenged management on the Group's performance reports
- Approved the annual budget and three-year strategic plan, with particular focus on capital allocation and investment in technology and other strategic priorities
- The Board received updates from the Investor Relations team on views from shareholders on all aspects of the business

- The Board approved the 2020 final dividend of 51.7 pence per share, which was subsequently approved by shareholders on 28 April 2021. The Board also approved the 2021 interim dividend of 25 pence per share which was paid to shareholders on 21 September 2021, in line with the Group dividend policy.

Risk management and internal controls

- Considered regular updates from the Chief Risk Officer on key risk management and internal control matters, and discussed matters where risk identification activities had identified risks for review
- Reviewed and discussed updates on technology and operational resilience

Board training and deep dives

The Board continued its practice of holding deep dives on key topics. In 2021 they participated in sessions relating to the Group's transformation programme, the foreign exchange business and its strategy, the enterprise data solutions business, and the post trade business.

Chairs' Forum

The Chairs' Forum is composed of the Chairs of the Group's principal regulated subsidiaries, the Group Chair and the Group CEO. The Forum provides opportunities for subsidiary Chairs from across the Group to engage on common themes and topics of interest. During the year, this included strategy, regulation, Brexit and talent.

Board Effectiveness and Leadership

2021 Effectiveness Review

A Board Effectiveness Review is carried out annually. Every three years this is externally facilitated; the evaluation in 2020 was externally facilitated. In 2021, the Board undertook an internal evaluation of the performance of the Board, its Committees, the Chairman, and the individual Directors. The evaluation process was conducted by the Group Company Secretary using a detailed questionnaire provided by an external provider, Lintstock.

The Effectiveness Review sought the views of Directors on the effectiveness of the organisation and dynamics of the Board and its Committees; the papers and topics covered at the Board and Committee meetings; the purpose and culture of the business; stakeholder engagement; the relationship between the NEDs and management; the composition of the Board; and the leadership of the Board.

The outputs of the evaluation were reported to and considered by the Board in December 2021 and actions and focus areas for the Board and its Committees in 2022 were agreed.

As part of the Effectiveness Review, the Senior Independent Director led a review of the performance of the Chairman, using a similar form of questionnaire provided by Lintstock. The Chairman meets with Directors individually to discuss their performance.

The results of the Review will also be used to assist the Board in the future development of the Board, its Committees, and its individual Directors.

Results

Overall, the results of the effectiveness review are that the Board and its Committees are performing well and are effective. The results indicated that the Board has the appropriate balance of skills, experience, independence, and knowledge to enable it and its Committees to discharge their duties and responsibilities effectively, and the views on Board dynamics were positive.

The Effectiveness Review identified a number of positive attributes including management of Board meetings, shaping of agendas, Board oversight, functioning of the Board's Committees and the Chair's leadership of the Board.

Next steps

The Board agreed that areas of focus for 2022 should be:

- **Future Board composition:** Ensuring the skills and experience on the Board contains the appropriate mix of skills and experience.
- **Stakeholder oversight:** continue to seek additional opportunities for the Board to be provided with the views of shareholders and customers.
- **Board Organisation:** continue to allocate Board time for training and deep dives in particular on the Data & Analytics division.
- **Strategic Oversight:** continue to increase the Board's focus on the external influences and environment impacting strategy, including in relation to customers, competitors, sustainability, other emerging external influences, and risks.
- **People and Talent:** ensure continued focus on executive succession planning.

The results of the effectiveness reviews of the Board's Committees were positive about the management and composition of the committees as well as the quality of the information received. Areas for focus are summarised in the table below.

Committee	2022 Area of Focus
Audit	• Continue to seek additional opportunities for training on technical areas of accounting and processes
Nomination Committee	• Continued focus on Board and Executive Committee succession • Continue to ensure there is a diverse talent pipeline
Remuneration Committee	• Continue to drive improvements to Committee papers and presentations
Risk Committee	• Continued focus on Operational Resilience related risks • Increase further the oversight of ESG and climate-related risks

2020 Effectiveness Review

The 2020 Effectiveness Review identified areas where the Board considered focus would be needed during 2021. These are summarised below, together with the resulting actions taken in 2021.

Area	Description	Summary of actions taken
Board Organisation	Board agendas, content and KPIs to reflect the new Group following the Refinitiv acquisition	A key area of focus of the Board during 2021 has been integration and transformation Board reporting and KPIs have been updated and expanded to reflect the acquisition of the Refinitiv business
Values and Culture	The Board should focus on culture and cultural differences and how these will be addressed as part of integration	In addition to the Board's engagement with the workforce as described on page 62, the Board has reviewed and discussed the results of employee surveys undertaken during 2021. The direct engagement with the workforce and the employee surveys both included dialogue and questions on the Group's values and culture, including in the context of the integration of Refinitiv
Board Dynamics	In the context of virtual Board meetings and changes to the Board composition, the Board should find ways to ensure that there remains a supportive and collegiate atmosphere whilst continuing to ensure appropriate challenge	Whilst opportunities for in person meetings remained challenging during 2021, the Board has met in person or in a hybrid format for three of its scheduled Board meetings in 2021. Board dynamics were rated positively in the 2021 Board effectiveness review
Strategy and Integration and Performance Delivery	The Board should focus on the successful integration of the Refinitiv business as well as monitoring financial performance and delivery of synergies	The integration of the Refinitiv business has been a standing agenda item at each of the scheduled Board meetings in 2021. The Board also had a deep dive session on the most significant transformation projects the Group is undertaking

Conflicts of interest

The Company's Articles of Association allow the Board to authorise conflicts of interest that may arise and to impose such limits or conditions as it thinks fit. The Group has established procedures whereby actual and potential conflicts of interest are regularly reviewed, appropriate authorisation is sought prior to the appointment of any new Director, and new conflicts are addressed appropriately.

The decision to authorise a conflict of interest can only be made by non-conflicted Directors and, in making such decisions, the Directors must act in a way they consider, in good faith, would be most likely to promote the Company's success.

Indemnities

Directors have the benefit of indemnity arrangements from the Company in respect of liabilities incurred as a result of their office and execution of their powers, duties and responsibilities. The Company maintained a Directors' and Officers' liability insurance policy throughout the year. This policy covers the Directors for any such liabilities in respect of which they are not indemnified by the Company and, to the extent to which it has indemnified the Directors, also covers the Company. This insurance cover has been renewed. Neither the Company's indemnity nor insurance provides cover for a Director in the event that the Director is proved to have acted fraudulently or dishonestly.

Risk Management and Internal Control

The Board is responsible for the Group's risk management framework and maintaining an appropriate system of internal controls. A Board approved Enterprise Risk Management Framework and Group Risk Appetite Statement are central to the Group's Risk Management process. The Risk Management Framework is updated on an ongoing basis in response to changes in the Group's business and associated risks. The Group Risk Appetite statement is approved annually.

The Audit Committee and Risk Committee assist the Board in discharging its responsibilities by reviewing and assessing the Group's Risk Management Framework, system of internal controls and risk management process on a regular basis. Please see the reports of the Audit Committee on pages 83 to 87 and the Risk Committee on pages 88 to 89 for further detail on their oversight activities during the year.

The system of internal controls is designed to facilitate the management of the Group and its businesses within the Board's risk appetite rather than eliminate the risk of failure to achieve the Group's objectives, and can only provide reasonable, but not absolute, assurance against material misstatement or loss, fraud or breaches of laws and regulations.

Executive management is accountable for risk identification, evaluation, mitigation, monitoring and reporting in accordance with the framework. A divisional internal control and Risk Management self-certification process is also performed semi-annually. Each business unit is required to confirm that it is in compliance with the Group's policies and governance procedures and managing its risk within appetite: exceptions are reported to the Audit Committee and Risk Committee.

An overview of the Principal Risks and Uncertainties (including details of emerging risks) of the Group is provided on pages 50 to 59.

Internal Controls

Management structure

The Group operates a matrix structure designed to optimise resource allocation and organisational capacity. The Board has delegated the day-to-day running of the Group to the Group Chief Executive Officer, and he is supported in this role by the Group Executive Committee, which he chairs. Each Executive Committee member is responsible for one of the Group's operating divisions or a major area of strategic importance. The Executive Committee meets regularly to review business and financial performance, risk exposure and other key matters. Each legal entity is responsible for engaging with its local regulators and monitoring and ensuring regulatory compliance. The Executive Committee has also established sub-committees dealing with Finance and Risk matters; Financial, Investment & Capital Committee (FICC) and the Executive Risk Committee.

Policies and Procedures

A new Policy Governance Framework was introduced in 2021. The framework establishes the principles, minimum standards, and risk management activities LSEG requires the Group's businesses and functions to follow to manage their business within risk appetite.

The Group runs a rolling programme of mandatory online training courses for all employees covering matters including ethical conduct, risk and control management, regulatory requirements, and the Group policies.

Financial Control

The Group has a robust system of financial control, and an appropriate framework of delegated authorities is in place. Comprehensive financial planning, reporting and review procedures are in place, with an annual budget and three-year business plan approved by the Board. Financial and key performance indicators are reviewed against operational budgets on a monthly basis at a Group, divisional and business unit level. The Chief Financial Officer's management reports are reviewed and considered by the Board and any key issues are discussed at each Board meeting.

The Executive Committee monitors capital expenditure across the Group and approves and prioritises projects supported by divisional and functional investment committees and portfolio boards.

The FICC and Enterprise, Financial & Model Risk Committee (EF&MRC) operate within a Board approved policy framework. The remit of the FICC includes approval of Treasury transactions, and the EF&MRC monitors the Group's credit, market and liquidity risks. Material Group counterparty exposures are assessed regularly via Group Risk's proprietary risk engine/aggregation system. The risk system enables LSEG to capture, monitor and manage counterparty risk across the Group entities, with primary focus on CCPs (Central Counterparties) and non-CCP Treasury.

Internal Audit

The Internal Audit function provides objective and independent assurance to the Board, subsidiary operating boards and management on the adequacy and effectiveness of the Group's system of internal controls, the governance model, and the Enterprise Risk Management Framework in place to manage risks within the Group's risk appetite and achieve the Group's and subsidiary operating boards' business objective. The function is the third line of defence in the Group's risk control structure and has no operational responsibilities for the entities or processes which it reviews.

The independence of the Internal Audit function from Executive Management is ensured through the following measures:

- The Group Chief Internal Auditor reports directly to the Chair of the Audit Committee and has direct access to the Chair of the Board. For administrative matters she has a secondary reporting line to the Chief Financial Officer
- The Chair of the Audit Committee and Chief Financial Officer jointly assess the performance of the Chief Internal Auditor
- The Audit Committee approves the Internal Audit annual budget

Further details on the Internal Audit function can be found in the internal audit charter which is available on the Group's website at **www.lseg.com/investor-relations/sustainability/governance.**

Conclusion

The Board confirms that, through the Audit and Risk Committees, it has reviewed the operation and effectiveness of the Group's system of internal controls throughout 2021 and up to the date of approval of this Annual Report. The Board has satisfied itself that a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, and liquidity, have been carried out during the year. Necessary actions have been or are being taken to remedy any significant failings or weaknesses identified during these reviews. The Board is satisfied that the Risk Management process and system of internal controls conform with the FRC's 2014 Risk management, internal control, and related financial and business reporting.

Further information

Further detail on the Group's risk management can be found on pages 51 to 52.

An overview of the principal risks and uncertainties (including a summary of emerging risks) of the Group is provided on pages 50 to 59.

Complying with the provisions of the Code

Throughout the financial year ended 31 December 2021 and to the date of this report, London Stock Exchange Group plc has complied with all principles of the Code, and complied with all provisions of the Code, except for provision 20. Provision 20 of the Code states that companies should generally use open advertising and/or an external search consultancy for the appointment of the Chair and Non-Executive Directors. Martin Brand, Erin Brown and Douglas Steenland were appointed pursuant to the Relationship Agreement. For further detail on appointments to the Board see the report of the Nomination Committee on page 81.

The Code is publicly available at the website of the UK Financial Reporting Council at www.frc.org.uk. This corporate governance section of the Annual Report describes how we have applied the principles of the Code including its detailed provisions and forms part of the Corporate Governance Statement on page 110 of the Directors' Report.

Section 1: Board Leadership and Company Purpose

A. Role of the Board

The Board is the principal decision-making forum for the Group and is responsible for achieving the Group's strategic objectives and delivering sustainable growth. Directors act in a way they consider will promote the long-term success of the Company, by constructively challenging and supporting the development of the Group's strategy, for the benefit of shareholders as a whole, having regard to the interests of its stakeholders and contributing to wider society. The Board manages overall control of the Group's affairs by reference to a formal schedule of matters reserved for the Board. This schedule is available on the Company's website at: **www.lseg.com/investor-relations/sustainability/governance.**

B. Purpose, Values and Strategy

The Group's purpose is to drive financial stability, empower economies and enable customers to create sustainable growth. More information on the Company's purpose, values and strategy can be found on pages 12 to 14 of the Strategic Report. The Board supports and promotes a culture based on our core values (Connect, Create Opportunity, Deliver Excellence). Our culture sets expectations for how we behave, how we work together, how we function as a team and how we relate to our customers. It's critical to realising our purpose. More information on the Company's culture and programme of work around workforce engagement undertaken during the year can be found on pages 61 to 63 of the Strategic Report.

C. Resources and Control Framework

The Board sets the strategic aims of the Group and ensures necessary resources are in place to meet its obligations and reviews financial and business performance. It discharges its responsibilities by overseeing the execution of the Group's strategy and holding executive management to account for its delivery. The Board approves the Group's annual operating and capital expenditure budgets, business plans and any material changes to them. The Board has oversight of the Group's operations ensuring: competent and prudent management is in place; sound planning is undertaken; an effective risk management framework is operating; an adequate system of internal control is maintained; adequate accounting and other records are kept and compliance with statutory and regulatory obligations.

D. Engagement with Shareholders and Stakeholders

The Company maintains an active shareholder and investor engagement programme, managed through the Group's IR function. For further information on the Group's Investor Relations activities please see page 73 of this Corporate Governance Report.

The Board views customers, the workforce, and regulators as key stakeholders on the basis of their importance to the Group's business model. Please see pages 61 to 63 for further information about stakeholder engagement. See page 73 for further information about the Board's engagement with the workforce.

E. Workforce policies and practices

The Policy Governance Framework sets out the principles, minimum standards and risk management activities LSEG requires the Group's businesses and functions to follow to manage the business within risk appetite. The Board reviews the Group's key policies on a periodic basis. The Board has delegated authority to the Audit Committee to routinely review the adequacy and security of the Group's arrangements for its workforce to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters (the Whistleblowing Policy). The Audit Committee and the Board receives periodic updates in relation to the Group's Whistleblowing Policy and cases. The Remuneration Committee also reviews workforce remuneration and related policies and the alignment of incentives and rewards with culture, and takes these into account when setting the policy for executive director remuneration.

Section 2: Division of Responsibilities

F. Division of Responsibilities

The Chair leads the Board and is responsible for its overall effectiveness as well as promoting a culture of openness and debate. The Chair takes the lead in the development of the Group's culture by the Board and in establishing an environment in which the Directors can discharge their duties effectively and in compliance with the law. The role of the Chair and the Chief Executive are distinct and separate with a clear division of responsibilities. The Board should also appoint a Senior Independent Director (SID) and, during the year, Stephen O'Connor stepped down from this role and Cressida Hogg became SID. A full description of the responsibilities of the Chair, Chief Executive and SID is available on the Company's website: **www.lseg.com/investor-relations/sustainability/governance.**

G. Board Composition

During 2021, the Board was composed of seven independent Non-Executive Directors, a Chair who was independent on appointment, three Non-Executive Directors who are not deemed to be independent, and two Executive Directors. For further information please see pages 69 to 71. Non-Executive Directors are responsible for scrutinising and holding to account the performance of management and individual Executive Directors against agreed performance objectives.

H. Board responsibilities and time commitment

The other significant appointments of the Directors are set out on pages 69 to 71 of this report. The Board is satisfied that these do not conflict with their duties and time, and that each Director has sufficient time to discharge their Board responsibilities. The Board has established procedures for the approval of additional appointments of Board Directors.

I. Board support

The Directors have full access to the advice and services of the Group Company Secretary, who is responsible for advising the Board on corporate governance matters. Directors also have access to independent professional advice if they judge it necessary to fulfil their responsibilities as Directors. The appointment and removal of the Company Secretary is a matter reserved for the Board.

Section 3: Composition, Succession and Evaluation

J. Board appointments

The Nomination Committee is responsible for monitoring the balance of skills, knowledge, experience, and diversity of the Board, making recommendations to the Board regarding new appointments to the Board and overseeing executive succession planning. Appointments to the Board are subject to a formal, rigorous and transparent procedure and are based on merit and objective criteria. An effective succession plan is maintained for both the Board and senior management.

The Company uses external search consultancies when looking to make appointments to Board positions other than as explained on pages 81 to 82 in respect of Directors appointed pursuant to the Relationship Agreement. More information on the appointment of Directors can be found in the Report of the Nomination Committee on pages 81 to 82.

K. Board skills, experience and knowledge

The Board is composed of an appropriate combination of Executive and Non-Executive Directors who have an appropriate combination of skills, experience, and knowledge. The Non-Executive Directors provide deep corporate experience and knowledge which they apply to their understanding of the Group, its purpose, values, and strategy. The Board has delegated certain responsibilities to four Board Committees: the Audit, Nomination, Remuneration, and Risk Committees. Further information on the Committees can be found on pages 81 to 93. The Nomination Committee considers the length of service of the Board as a whole.

L. Annual Board Effectiveness Review

The Board undertakes an annual board effectiveness review. As part of this review the Board considers a wide range of matters including composition, diversity and how effectively Board members work together as well as the performance of the Chair. More detail on the 2021 review, and the progress made against the actions identified from the 2020 review can be found on page 75.

Section 4: Audit, Risk, and Internal Control

M. Role of the Audit Committee in ensuring independence and effectiveness of financial controls

The Audit Committee is responsible for monitoring the integrity of the Group's financial and corporate reporting, including the effectiveness of the Group's internal control and risk management systems, and for monitoring the effectiveness and objectivity of internal and external auditors. The Board receives regular updates from the Chair of the Audit Committee. At least one member of the Committee has recent and relevant financial experience, and the Committee as a whole has competence relevant to the sector in which it operates. Further information on the Audit Committee can be found on pages 83 to 87. The Committee's Terms of Reference can be accessed on the Company's website: **www.lseg.com/investor-relations/sustainability/governance**.

N. Fair, balanced and understandable reporting

Following recommendation from the Audit Committee on the content of the Company's annual report and accounts, the Board confirms whether the annual report and accounts, taken as a whole, is fair, balanced, and understandable providing the information necessary for shareholders to assess the Company's performance, business model and strategy.

O. Risk management and oversight

The Risk Committee is responsible for providing leadership, direction and oversight of the Group's overall risk appetite, risk tolerance and strategy. The Committee advises the Board on the current and future risk exposures of the Group (including emerging risks) and carries out a robust assessment of the Company's emerging and principal risks. It reviews and approves the Group's risk management framework, monitoring its effectiveness and adherence to various risk policies. The responsibility and authority of the Committee covers the whole of the Group's businesses. Where there is a perceived overlap of responsibilities between the Audit and Risk Committees, the respective Committee Chairs will have the discretion to agree the most appropriate committee to fulfil any obligation. The reports of the Audit and Risk Committees can be found on pages 83 to 89 of this Report. The Committee's Terms of Reference can be accessed on the Company's website: **www.lseg.com/investor-relations/sustainability/governance.**

Section 5: Remuneration

P. Remuneration policies and practices

The Remuneration Committee is responsible for determining and implementing the Remuneration Policy for the Group, including setting the remuneration of the Chair, Executive Directors, and senior management. The Committee also oversees the arrangements for the wider workforce. Executive remuneration is aligned with the Company's purpose and values and linked to the delivery of the Company's long-term strategy and culture. The remuneration of Non-Executive Directors is determined by the Board and reflects the time commitment and responsibilities of the role.

The Report of the Remuneration Committee can be found at pages 90 to 93. The Committee's Terms of Reference can be accessed on the Company's website: **www.lseg.com/investor-relations/sustainability/governance.**

Q. Development of Remuneration Policy

The Company has a formal and transparent procedure for developing policy on executive remuneration. No Director is involved in setting their own remuneration outcome. For further information, please see pages 94 to 108.

R. Remuneration outcomes

Directors exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance and wider circumstances.

Report of the Nomination Committee

"On behalf of the Board, I am pleased to present the report of the Nomination Committee for the year ended 31 December 2021. Key areas of focus for the Committee in the year were Board composition, succession planning and the appointments of Tsega Gebreyes and Ashok Vaswani to the Board

Don Robert
Chair of the Nomination Committee

This report describes the work of the Committee.

2021 Priorities

The priorities set by the Committee at the start of the year were:

1. Board composition and succession planning, including a continued focus on inclusion and gender and ethnic diversity;
2. Identifying a new Senior Independent Director and Remuneration Committee Chair ahead of Stephen O'Connor and Jacques Aigrain approaching nine years as Board members; and
3. Executive Committee succession planning.

Composition and meetings

The Committee's membership is formed of the Non-Executive Directors. Structuring the membership in this way enables Non-Executive Directors to participate in all discussions relating to Board composition and succession planning, reflecting the importance placed by LSEG and the Code on these areas. The names and biographies of the Non-Executive Directors who sit on this Committee can be found on pages 69 to 71 of this report.

The Group Company Secretary is the Secretary to the Committee and attends all meetings. The Group Chief Executive Officer, Chief People Officer and external advisers attend where requested by the Committee.

Committee purpose and responsibilities

The Nomination Committee is responsible for monitoring the balance of skills, knowledge, and experience as well as the diversity of the Board. It is also responsible for making recommendations of new appointments to the Board and overseeing Board and senior management succession planning. Further details on the functions and responsibilities of the Nomination Committee can be found in the Committee's Terms of Reference which are reviewed annually and available from the Group Company Secretary or in the corporate governance section of the Group's website at: **www.lseg.com/investor-relations/sustainability/governance**.

The Committee met twice during the year, and in addition, Committee members also met with director and senior management candidates.

I am pleased to confirm that these efforts have resulted in the Committee's priorities being met, as described in this report.

Key activities in the year

Board Succession Planning and Board Appointments

During the year, the Committee reviewed the structure, size and composition of the Board and its Committees, to ensure critical skills and experience were refreshed. In carrying out its review the Committee took account of recent and likely future Board changes, Board expertise (including future expertise needed for the enlarged Group), diversity and tenure. This review helped the Committee to identify Board succession requirements.

Board appointments

Appointments to the Board are subject to a formal, rigorous, and transparent procedure described below:

New Board appointments (excluding shareholder director appointments)

The Board recognises the need to regularly refresh the balance of skills, tenure, and diversity on the Board. The Committee reviewed and approved an outline brief and role specification, and appointed Lygon Group, an external search consultancy, which is a signatory to the Voluntary Code of Conduct for executive search firms, to assist in the search for two new independent NEDs. The brief and role specification sought to find candidates with relevant experience in capital markets, technology, data and analytics and knowledge of the international landscape within which the Company operates. The search firm was specifically instructed to produce a diverse list of candidates for consideration.

Shortlisted candidates were then interviewed by several Committee members, the Group CEO, and the Company Secretary. Having interviewed the shortlisted candidates, the Nomination Committee recommended, and the Board approved, the appointments of Tsega Gebreyes and Ashok Vaswani to the Board, with effect from 1 June 2021. Tsega and Ashok joined the Remuneration and Risk Committees, and Audit and Risk Committees, respectively, upon appointment to the Board. Both also joined the Nomination Committee.

Ashok Vaswani has significant experience in data, financial services, risk, strategy, international business, and retail banking. Tsega Gebreyes has significant experience in investment, financial services, strategy, M&A, public company boards and investing in and doing business in Africa.

As announced on 28 April 2021, Jacques Aigrain will have served nine years on the Board in 2022 and will not seek re-election at the Company's 2022 AGM.

Appointment of a new Senior Independent Director and Remuneration Committee Chair

The Board announced on 28 April 2021 that Cressida Hogg CBE had been appointed as Senior Independent Director, with effect from when Stephen O'Connor stepped down from the Board. Stephen stepped down on 6 August 2021 and Cressida assumed her SID responsibilities from that date.

Report of the Nomination Committee continued

On 28 April, we also announced that Cressida would succeed Jacques Aigrain as the Chair of the Remuneration Committee from 22 October 2021. Cressida has served on the Committee for more than 12 months and has extensive UK plc experience, most recently in her current role as Chair of Land Securities Group PLC.

Process for shareholder director appointments

As disclosed in the 2020 Annual Report, three new directors were appointed to the Board following completion of the all-share acquisition of Refinitiv: Martin Brand, Erin Brown, and Douglas Steenland. Martin, Erin, and Douglas bring substantial levels of experience and expertise across a range of sectors including technology, media, finance, telecom, and insurance as well as significant expertise of large, international boards.

Under the terms of the Relationship Agreement effective from completion of the Refinitiv acquisition, York Parent Limited (formerly known as Refinitiv Holdings Limited which is owned by Thomson Reuters Corporation and a consortium of certain investment funds managed by Blackstone Group Inc.) will be entitled to nominate for appointment to the Board three Shareholder Directors for so long as it holds 25% or more of the total shares of LSEG plc.

The Committee agreed that any proposed Shareholder Directors should have the appropriate skills and experience to bring valued contributions as non-executive directors. Under the terms of the Relationship Agreement such appointments required the Committee's approval.

The Board agreed that Shareholder Directors would not be considered independent under the Code given their relationships with appointing shareholders. They have not been appointed to the Audit, Remuneration or Risk Committees.

Executive Committee succession planning

During the year, the Committee, with the Group Chief Executive Officer, discussed the succession plans for the CEO and the Executive Committee including ensuring there was the appropriate mix of skills, experience and diversity. As described in the Executive management team section on page 10, Andrea Remyn Stone became Group Head, Data & Analytics on 1 July 2021, succeeding David Craig who left the Group at the end of the year after an orderly handover.

The Group Executive Committee is formed of individuals from a diverse range of backgrounds. More than 35% of the Executive Committee are female, and the Group is committed to seeing broader diversity in our leadership with the aim of having more representation from different ethnic and other backgrounds. The Group has committed to ethnic diversity representation at 20% by the end of 2023 and 25% by the end of 2025 (for senior leadership).

The names and biographies for the Group Executive Committee can be found on pages 10 to 11 of this report.

Board effectiveness

The results of the 2021 Board effectiveness review are described on page 75. Succession Planning for Non-Executive Directors, including for Committee Chairs was previously identified as a key focus for the Board and this is reflected in the actions taken by the Nomination Committee during 2021. This year's results and agreed areas of focus for the Board are described on page 75. The Board will ensure that these focus areas are acted on to further improve Board performance.

Diversity & Inclusion

The Board's membership reflects a wide range of skills and business experience, drawn from a number of industries, which is critical for bringing both the expertise required and to enable different perspectives to be brought to Board discussions. The combination of these factors means that the Board benefits from a diverse range of competencies, perspectives, and thoughts, providing an ability to challenge on strategic issues and a dynamic environment for decision making.

In 2021, the Board approved an updated Board Diversity Policy which outlines the importance of diversity of gender, social and ethnic backgrounds, and of cognitive and personal strengths to the Board. The Policy is available on the Group website at https://www.lseg.com/investor-relations/sustainability/governance. The Policy codifies previous commitments to diversity and incorporates commitments in relation to the Hampton-Alexander and Parker reviews. At the end of 2021, female representation on the Board was over 40%. The Board is also pleased to confirm that it has met the Parker Review recommendations.

Appointments and succession plans are based on merit and objective criteria. Other than appointments covered under the Relationship Agreement, the Company uses external search consultancies when making appointments to key positions. These firms are required to provide a diverse list of candidates for senior roles. In particular, the Board's succession and appointment approach aims to secure balanced and diverse shortlists for new appointments.

The Group was an early signatory of HM Treasury's Women in Finance Charter in the UK, and, following the acquisition of Refinitiv we have refreshed a stretch target of reaching 40% female representation in our senior leadership (Executive Committee plus one level) population by 2022. Earlier this year, we also set ourselves a target of 20% senior leaders from racial and ethnic minorities by the end of 2023, and 25% by the end of 2025. LSEG also became a Valuable 500 Iconic Leader company, a collective of 500 CEOs and their companies, innovating together for disability inclusion.

For further information on senior leadership gender, race and ethnicity representation please see the Diversity & Inclusion section of Enabling sustainable growth on page 25.

2022 areas of focus

The priorities set by the Committee for 2022 are:

1. Continue to keep Executive Committee succession planning under review;
2. Ensure that the balance of Board skills is appropriate to lead the Group; and
3. Support the Group's aim for increased diversity.

Committee effectiveness

The Committee's effectiveness was assessed as part of the 2021 Board and Committee effectiveness review, facilitated internally by the Group Company Secretary. Further details can be found in the Governance section of this report on page 75. The result of the review was that the Committee is performing well and operating effectively.

Board Appointments: Use of External Search Consultants

An external search consultancy, Lygon Group, supported the Board on the appointments of Tsega Gebreyes and Ashok Vaswani. Lygon Group does not have any additional connection with LSEG.

Don Robert
Chair
2 March 2022

Report of the Audit Committee

The Audit Committee's key priorities in 2021 included reviewing the accounting treatment for the Refinitiv acquisition and Borsa Italiana disposal, and the continued assessment of the effectiveness of internal controls

Dominic Blakemore
Chair

The Committee is comprised entirely of Independent Non-Executive Directors. The membership is set out below.

Members
Dominic Blakemore
Jacques Aigrain
Kathleen DeRose
Ashok Vaswani

Composition and meetings

The Committee comprises four Independent Non-Executive Directors. The skills and experience of each Committee member are provided in the Board of Directors section on pages 69 to 71.

Ashok Vaswani was appointed as a Committee member on 1 June 2021, whilst Stephen O'Connor left the Committee and the Board on 6 August 2021. All other Committee members have been in place for the full year.

The Group Chair, Group Chief Executive Officer, Group Chief Financial Officer, Group Financial Controller, Group Chief Risk Officer, Group Chief Internal Auditor, and representatives of the external auditor, EY LLP, are all standing attendees at Committee meetings. The Group Company Secretary is the Secretary to the Committee.

In addition to the standing attendees, various other members of management are invited to present specific matters relevant to the Committee's remit.

The UK Corporate Governance Code (The Code) requires that at least one member of the Committee should have recent and relevant financial experience and that members shall have competence relevant to the sector in which the company operates. The members have a wide range of experience. The Chair of the Committee, Dominic Blakemore, is a qualified chartered accountant with a career in a variety of senior finance roles. The Chairs of the Audit and Risk Committees each sit on both committees, which ensures appropriate identification and management of issues relevant to both committees.

The Committee met four times in the year. In addition, the Chairman and some Committee members met with senior management and the external auditor during the year.

Purpose, responsibility and terms of reference

This report is intended to give an overview of the role and activities of the Committee in assisting the Board to fulfil its oversight responsibilities relating to: ensuring the integrity of the Group's financial statements; monitoring the effectiveness of the system of internal control and risk management; and the independence and effectiveness of the external auditor. It details the activities, discussions and decisions that enabled the Committee to fulfil its responsibilities effectively during 2021.

Further details on the functions and responsibilities of the Committee can be found in the Committee's Terms of Reference which are reviewed annually and are available from the Group Company Secretary or in the corporate governance section of the Group's website at: www.lseg.com/investor-relations/sustainability/governance.

2021 priorities

The Committee's main priorities in the year were:
- Overseeing the completion of the Refinitiv acquisition and the disposal of the Borsa Italiana Group, and ensuring that the transactions are accurately represented in the relevant filings, the financial statements and the annual report of the combined Group
- Receiving assurance that the control environment remains robust to support the continued growth and diversification of the Group's activities, including all major programmes of work and the integration of acquired businesses
- Continuing to assess developments in accounting standards
- Engaging with the external auditor and satisfying itself over the quality and robustness of the external audit process
- Monitoring the effectiveness of the Group's Internal Audit function

Role and responsibilities

1. Financial reporting

The Committee recommends the financial statements of the Group to the Board, including the annual and half-yearly reports, preliminary results announcements (together with the related commentary in these reports), and any other formal announcement relating to its financial performance.

2. Internal controls and risk management systems

The Committee makes recommendations to the Board regarding the effectiveness of the Group's internal control and risk management systems (in collaboration with the Risk Committee). The Committee also monitors and reviews the effectiveness of the Group's Internal Audit function, ensuring that it has adequate resources and appropriate access to information to perform its function effectively and independently from executive management.

3. External auditor

The Committee oversees the relationship with the external auditor, including approving the annual audit plan, reviewing the findings of the external audit, monitoring the objectivity and independence of the external auditor, and ensuring that the external audit contract is put out to tender on a periodic basis.

4. Other matters
The Committee's other responsibilities include reviewing the Group's arrangements for its employees and other stakeholders to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters.

Significant risks and/or matters considered by the Committee

Significant risks, critical estimates and/or matters considered by the Committee are set out below, the first five of which are also identified as key audit matters by the external auditor. On each of these the Committee satisfied itself that the accounting and any judgements made were appropriate, and that the Group's disclosures are suitable.

Significant risks and/ or matters for 2021	How the Committee reviewed these matters and what decisions were taken
Acquisition of Refinitiv	On 29 January 2021, LSEG completed the all-share acquisition of Refinitiv. The Committee reviewed the acquisition accounting to ensure it was completed within the appropriate reporting framework under IFRS. In addition, the Committee reviewed the: • Fair value of the consideration transferred; • Fair value of the net assets acquired; • Non-controlling interests; • Resulting goodwill; and • Application of consistent accounting policies across both LSEG and Refinitiv. The Group has disclosed in Business combinations in Note 3 page 141 the details of the valuation exercise and its impact on the financial statements of the Group.
Disposal of Borsa Italiana Group	Further to the completion of the Refinitiv acquisition, the disposal of the Borsa Italiana Group completed in the first half of 2021. The Committee considered the treatment of the Borsa Italiana Group as a discontinued operation within the Group's results in 2021. In addition, a review of the gain on disposal was performed to make sure it had been calculated correctly.
Goodwill and acquired intangibles impairment assessment	The Committee considered the approach and methodology to performing the detailed annual goodwill impairment assessment as well as the assessment for indicators of impairment of other purchased intangible assets as required under IAS 36. This included reviewing the key assumptions for short- and long-term growth rates, cash flow expectations and the discount rates used for the Group's cost of capital. Details of the impairment review can be found in Note 15 to the financial statements on pages 159 to 163.
Impairment of internally developed software	The Group continues to develop and capitalise significant levels of software. The capitalisation of software development costs involves management judgement against criteria set out under IFRS. The Committee reviewed the methodology used to capitalise software development costs and satisfied itself that it was adequate and in conformity with IFRS. The Committee also considered possible indicators of impairment for significant internally developed software.
Revenue recognition	The Committee reviewed the recognition of revenues in secondary capital markets trading fees, the revenue accruals for FTSE Russell and Refinitiv subscription revenue. The Committee was satisfied that sufficient analysis had been performed in this area to demonstrate that there was no evidence that any manipulation of revenues had taken place. The Committee also reviewed the approach for revenue deferral within Capital Markets.
Impact of the Refinitiv acquisition and the disposal of the Borsa Italiana Group on the risk landscape	As a result of the acquisition of Refinitiv and the disposal of the Borsa Italiana Group, the internal audit universe was updated to reflect the changed organisation. As part of annual planning, an inherent risk assessment was undertaken which guided the audit plan for 2021 and, similarly, the plan for 2022. Management is undertaking significant work to ensure that the risk landscape is fully understood and that appropriate controls are in place to mitigate risk to within the firm's stated risk appetite over time. This work will be supported by the Risk function and by Internal Audit, both of whom are building out resources to support the necessary oversight and assurance.

Activities in 2021

The Committee met four times during the year. The Committee maintains a formal agenda which ensures that all matters for which the Committee is responsible are considered at the appropriate meeting. The agenda for each meeting was determined by the key events of the annual financial reporting cycle, the risks identified by the Committee and the standing items under its Terms of Reference. The following provides details on how the Committee discharged its responsibilities during the year.

1. Financial reporting

The Committee reviewed, discussed, and approved the half-year and full-year financial results, key accounting judgements and the adequacy of proposed disclosures.

Significant matters impacting the financial statements are set out in the table above. Other topics of discussion in respect of the financial statements are as follows.

EU State Aid challenge
The Committee discussed the petition by the Group to the EU General Court to annul the EU Commission's findings in 2019 that the UK had breached EU State Aid rules with regards to its CFC exemption known as the Finance Company Partial Exemption. See Note 11 on page 156.

US tax position
The Committee has assessed the financial reporting implications of the Group's ongoing discussions with the IRS in relation to the funding structure within its US subsidiaries. The Group has used guidance under IFRIC 23 to determine the possible outcomes, and any related obligations, and to assign a probability to each of those outcomes. Additional details are provided in Note 11 page 156.

Commitments and contingencies
The Committee considered the facts and circumstances surrounding commitments and contingencies for the Group. Further details are included in Note 31 to the financial statements on page 191. The Committee agreed the provisions to be recorded in the financial statements. See Note 27 to the financial statements on pages 181 to 182.

Quality of earnings
The Committee discussed the quality of earnings in relation to the Group's Adjusted Operating Profit.

Non-underlying items
The Committee discussed and agreed on the classification of non-underlying items in the financial statements for the year. In particular, the Committee discussed the nature and amounts of the transaction and integration costs, as well as amortisation of purchased intangibles, linked to the acquisition of Refinitiv, and costs associated with the disposal of the Borsa Italiana Group.

The non-underlying items are presented in Note 9 to the financial statements on pages 152 to 153.

Going concern and long-term financial viability
The Directors are required to assess whether it is appropriate to prepare the financial statements on a going concern basis and, in accordance with the Code, provide a statement on the Group's viability. The Committee discussed both the going concern assumption and the financial viability statement, including:
- Deciding on the appropriate period to cover
- Identifying the relevant evidence and assumptions and ensuring that the various planning scenarios were realistic
- Making an assessment that is appropriate to the Group's circumstances
- Applying appropriate stress testing and reverse stress testing

The Committee satisfied itself that the Board of Directors was in a position to make the statement using the Group Stress testing methodology. The Financial viability statement can be found within the Strategic Report on page 60.

Fair, balanced, and understandable
The Committee satisfied itself that the Annual Report is fair, balanced and understandable and has presented its conclusions to the Board.

In order to reach its conclusions, the Committee examined the following criteria:

- Fair:
  - The Annual Report does not omit important or sensitive elements necessary to understand the strategy, performance, and business model of the Group
  - Segmental reporting accurately describes the various activities of the Group and their relative contributions to the strategy, performance, and business model of the Group
  - The messages in the Strategic Report and the CEO and Chair's reports are consistent with the financial reporting section

- Balanced:
  - There is an appropriate balance between the required statutory accounting metrics and Group-specific adjusted measures and pro forma results
  - The messages in all sections appropriately balance the favourable and less favourable events and trends affecting the strategy and performance of the Group
  - The principal risks presented in the Strategic Report on pages 50 to 59 accurately reflect the risk registers which are used to set the risk appetite and the strategy of the Group, including those risks which would threaten its business model, future performance, solvency, and liquidity

- Understandable:
  - There is a clear and comprehensive framework for the Annual Report
  - The key messages are adequately highlighted in simple language avoiding specialised terms and acronyms wherever possible
  - There is a glossary of technical terms and acronyms used frequently across the report
  - The relevant information for shareholders is easy to find and appropriately cross-referenced where necessary without additional clutter
  - The various sections taken together present a consistent and easy to comprehend overview of the strategy, performance, and business model of the Group

2. Internal controls and risk management
The Committee continued to exercise disciplined oversight of the effectiveness of the Group's internal controls throughout the year. It fulfilled its responsibilities by reviewing and discussing regular reports from management, the external auditor and the Internal Audit function including:
- Reports on compliance with the Code – internal controls (including whistleblowing) at the half year and year end;
- Quarterly updates on internal audit delivery;
- Regular updates on improvements to the Internal Audit function;
- Annual report on the effectiveness of the Internal Audit function at the first Committee meeting of the year;
- A progress update on the programme to create a single financial control framework for the combined organisation following the acquisition of Refinitiv;
- A deep dive into the control environment around cash receipts and payments, focusing on Refinitiv; and
- The external audit management letter from EY LLP. The letter highlighted areas for improvement which were noted by the Committee for follow-up.

During the year, the Committee received an update on the Internal Audit function, which included:
- The development of a refreshed target operating model to reflect the enlarged business and global footprint. The Committee endorsed the approach for building out the global audit function;
- The implementation of a refreshed audit methodology and an enhanced report rating approach;
- The implementation of new audit software; and
- The establishment of a formal Quality Assurance team.

As regards the work of Internal Audit, the Committee:
- Approved changes to the audit plan throughout the year and confirmed its support for the coverage model that provides the independent assurance plan;
- Approved the 2022 internal audit plan, internal audit budget and resources for the Internal Audit function;
- Reviewed a number of internal audit reports and satisfied itself that management were closing actions within reasonable timeframes;
- Noted Internal Audit's consideration of fraud risk in the annual work

programme and received updates on specific matters that were identified; and
- Received an update on the enhancements being made to the Speak-Up and whistleblowing protocols.

The Committee undertook its annual review of, and approved, the Internal Audit Charter.

The Committee selected Deloitte LLP as the independent provider to undertake a formal external quality assessment of the Internal Audit function. This is required every five years in order for Internal Audit to comply with the Institute of Internal Auditors (IIA) standards. Deloitte assessed LSEG Internal Audit against conformance with the IIA's International Professional Practices Framework, alignment with the UK Internal Audit Financial Services Code of Practice, and specific European Banking Authority and US Federal Reserve Board expectations for Internal Audit, as well as industry best practice. The final report was presented to the Committee in February 2022 and concluded that LSEG Internal Audit demonstrates general conformance with the standards and other criteria against which it was assessed, although there are areas upon which Internal Audit should improve and continue to focus on.

The Committee obtained additional comfort by meeting with the Group Chief Internal Auditor at each Committee meeting without executive management present.

The activities of the Committee relating to internal controls enabled it to satisfy itself that the Internal Audit function is independent, objective and adequately staffed to perform its duties. In addition, the Committee assessed the effectiveness of the Internal Audit function throughout the year using qualitative and quantitative indicators including:
- Completeness of the audit plan;
- Quality of the methodology (updated at least once a year);
- Quality of the audit reports and the issues raised;
- Root cause insights on the issues raised and feedback from executive management on specific audits; and
- Key performance indicators such as the distribution of audit ratings, percentage of past due actions and percentage of self-identified issues.

The Committee (in collaboration with the Risk Committee) relied on this assurance process throughout the year to recommend to the full Board that it could report to shareholders on the effectiveness of the Group's internal control system and risk management systems. The Board statement can be found on pages 76 to 77.

3. Oversight of the external auditor

The Committee approved the updated engagement letter, the EY audit plan, the methodology used, the scope of the audit, the risks, and areas of focus as well as the materiality threshold for the Group and the threshold for reporting unadjusted differences.

The Committee assessed the effectiveness of the external audit process including the independence and quality of the Group's external auditor (EY LLP) throughout the year. The Committee relied on its own judgement supported by the following evidence:

- A report from management on their own evaluation of the effectiveness of the external auditor;
- Reports from EY on the status of their 2021 plan and the results of their work, as well as EY's own assessment of their independence. The external auditor's reports were discussed at each Committee meeting and their views and opinions used to challenge decisions by Group Finance;
- The separate meetings held with EY at each Committee meeting without management being present; and
- The FRC's 2020/21 Audit Quality Inspection results.

Based on all evidence presented, the Committee satisfied itself that the external audit has been conducted independently and effectively with the appropriate rigour and level of testing.

EY were appointed as the Group's external auditor in 2014. The lead audit partner and other key partners identified are required to rotate every five years. Other partners are required to rotate every seven years. Nick Dawes is the lead audit partner and has held this position for two years.

Having considered the performance of EY for the past seven years, the Committee recommended to the Board that a resolution for the reappointment of EY as the Group's external auditor for the year ending 31 December 2022 be proposed to shareholders at the AGM in April 2022.

In accordance with legislation, the Group needs to perform an external audit tender process ahead of the 2024 financial year. The Group intends to do this in 2022 with audit quality and the level of challenge being important metrics on which participating firms will be assessed. Non-Big 4 firms will be considered for participation in the process.

Report on external auditor's fees and safeguards on non-audit services

The Committee has a formal policy governing the engagement of the external auditor to provide non-audit services, which is reviewed on an annual basis.

This policy prohibits certain activities from being undertaken by the external auditor such as: accounting/bookkeeping services; internal auditing; certain tax and payroll services; executive recruitment; remuneration services; and more generally any work which could compromise the independence of the auditor. The policy also places restrictions on the employment of former employees of the external auditor. Recognising however that the external auditor may be best placed to undertake certain work of a non-audit nature, the policy permits the provision of audit-related services and permitted non-audit services with the prior approval of the Committee.

A breakdown of audit and non-audit service fees paid and payable to the external auditor for the year ended 31 December 2021 is provided below and in Note 34 to the financial statements. The increase in fees from the prior year reflects the expansion of the Group resulting from the Refinitiv acquisition.

Services	Year ended 31 December 2021 £m	Year ended 31 December 2020 £m
Audit of parent and consolidated financial statements	**7**	2
Audit of subsidiary companies	**6**	3
Non-audit services	**1**	–
Total	**14**	5

EY LLP provided non-audit services of £1.2 million; 8% of total fees (2020: £0.4 million; 8% of total fees). This comprised of audit related assurance services of £0.8 million (2020: £0.3 million) and other non-audit services of £0.4 million (2020: £0.1 million).

The Committee fully complied with this policy in the year. It reviewed each of these individual appointments on their merits. Prior to EY being engaged, the review process involved considering management's assessment of:

- The threats to independence and objectivity resulting from the provision of such services;
- Which accounting firms had the appropriate experience and expertise to undertake the work;
- Whether there were any conflicts of interest for EY;
- Whether any conflicts of interest that existed for other potential firms could be appropriately managed; and
- The quantum of non-audit fees in the context of the overall audit fee and relative significance to EY in the context of its total client fees.

In each case, the Committee concluded, on the balance of risks, that the appointment of EY to perform certain non-audit services would not impair their independence and represented the most effective, secure, and efficient way of obtaining the necessary advice and services, given their knowledge of the business and the Group's structure and accounting and tax affairs, together with their wider knowledge of the industry.

The Committee has complied with the relevant parts of the Competition and Markets Authority Final Order on the statutory audit market for the year ended 31 December 2021.

4. Other matters

The Group's whistleblowing policy provides a method of properly addressing concerns while at the same time offering whistleblowers protection from victimisation, harassment or disciplinary proceedings. During the year, the Committee continued to closely monitor the effectiveness and independence of the Speak-Up and whistleblowing arrangements of the Group, and also endorsed proposals to further enhance and harmonise case management and reporting.

During the year, the Committee reviewed the Group's response to the audit and corporate governance proposals made by the Department for Business, Energy and Industrial Strategy.

As part of the FRC's Corporate Reporting Review, the FRC conducted a review of the Group's 2021 Interim Report. The review was conducted independently and the scope of the review was based on and limited to the information provided in the published Interim Report. The Group received correspondence from the FRC in December 2021 requesting further information in relation to the alternative performance measures included in the Group's financial reporting and on the valuation of the shares issued in consideration for Refinitiv.

The Group provided a response to the FRC, addressing the questions raised and how they have been addressed in this annual report. The Audit Committee was consulted on the response and approved its submission to the FRC. The FRC responded in January 2022 closing the matter.

Effectiveness of the Committee

The Committee's effectiveness was assessed as part of the 2021 Board effectiveness review. More details on the Committee's effectiveness review can be found in the Governance section of this report on page 75.

Priorities in the forthcoming year will include:

- Supporting the build-out of the Internal Audit function to enable timely execution of the annual audit plan
- A greater focus on customer experience within Internal Audit work
- Putting the external audit to tender in 2022, in accordance with the requirement to undertake an audit tender every ten years
- Receiving early and continuous understanding of the impact of the Group's acquisitions and divestitures on financial and tax accounting
- Receiving assurance that the control environment remains robust to support the continued growth and diversification of the Group's activities
- Continuing to assess the impact of developments in accounting standards

Dominic Blakemore
Chair of the Audit Committee
2 March 2022

Report of the Risk Committee

"Risk management is fundamental to the successful execution of our strategy and to the resilience of our operations. The Group continues to support its key markets and deliver stable and resilient services that meet our clients' needs. The Group's risk culture, objectives, appetite, governance and operations are well established, underpinning the whole organisation

Kathleen DeRose
Chair of the Risk Committee

Members
Kathleen DeRose
Dominic Blakemore
Valerie Rahmani
Tsega Gebreyes
Ashok Vaswani

2021 Priorities

In 2021, the Risk Committee established a vision for the risk culture of the enlarged Group, assessed the risk profile against the Group's risk appetite, as well as performing targeted reviews of the Group's key risks. This included:

- Identifying emerging geopolitical risks given the larger geographical reach of the Group and monitoring on remediations
- Continuing a high focus on cyber security, platform security and operational resilience including Post-Incident Review and control effectiveness assessments
- Monitoring the impact of the separation of the Borsa Italiana Group on Capital Markets and Post Trade divisions
- Continuing the tracking of the regulatory landscape with particular focus on the post-Brexit environment
- Clarifying risk management accountability and improving transparency through enhanced assessment and reporting
- Identifying, managing, and mitigating risks across the Group, including review of key incidents and remediation activities
- Identifying and monitoring emerging risks, including the ongoing impact of the pandemic and its impact on the global economy and the execution of the Business Continuity Programme

Composition and meetings

The Committee comprises five independent Non-Executive Directors. The skills and experience of each Committee member are provided in the Board of Directors section on pages 69-71. Tsega Gebreyes and Ashok Vaswani were appointed as Committee members on 1 June 2021, whilst Stephen O'Connor left the Committee and the Board on 6 August 2021. All other Committee members have been in place for the full year.

The Group Chair, Group Chief Executive, Group Chief Financial Officer, Group Chief Risk Officer (CRO), and Group Chief Internal Auditor, are all standing attendees at Committee meetings. The Group Company Secretary is the Secretary to the Committee. In addition to the standing attendees, various other members of management are invited to present specific matters relevant to the Committee's remit.

The Board is satisfied that each member of the Committee has the skills and experience necessary for the Committee to effectively discharge its responsibilities. The Chairs of the Audit and Risk Committees each sit on both committees, which ensures appropriate identification and management of issues relevant to both committees.

During 2021, the Risk Committee held four regular meetings. In the ordinary course of business, the Committee regularly reviews the Group's risk profile, risk appetite, and emerging risks. The CRO also provides regular updates to the Chair throughout the year.

Purpose, responsibility and terms of reference

The Committee has non-executive responsibility for high-level risk related matters and for risk governance. The Committee reviews the risk profile of the Group, and its divisions, on a regular basis and comments on the adequacy of the processes in place to identify and report on key risks. It advises the Board on the Company's overall risk appetite, tolerance, and strategy, and reviews the adequacy of the Enterprise Risk Management Framework and its application to decision-making. The Committee sets standards for the accurate and timely reporting of critical risks, including technology risk, cyber security, business continuity, counterparty, and reputational risk. It receives regular reports on compliance with applicable regulatory requirements for each regulated entity. As part of this mandate the Committee also regularly reviews best practices for Enterprise Risk Management.

Further details on the functions and responsibilities of the Risk Committee can be found in the Committee's Terms of Reference which are reviewed annually and available from the Group Company Secretary, or in the corporate governance section of the Group's website at: www.lseg.com/investor-relations/sustainability/governance.

Summary of the key activities

During the year, the Committee focused on programmes to further develop the Group risk management framework after the Refinitiv acquisition. The Committee paid particular attention to the new vision and strategy for the Group risk function, the outcome of risk assessment activities, monitoring enhancement programmes for operational resilience and technology risk, and to the ongoing development of the Group's risk culture. It also held two deep dive sessions on Financial Risk and Non-Financial Risks which other directors were also invited to attend:

- The Financial Risk deep dive highlighted key financial risks and mitigants across the Group, and explained planned financial risk framework enhancements.
- The Non-Financial Risk deep dive presented the non-financial risk profile of the Group, detailing key non-financial risks, and associated risk mitigation plans.

In addition to the review and monitoring of the Group's risk profile, the Risk Committee's priorities are:
- Continuation of the implementation and embedding of a common Enterprise Risk Management Framework across the new Group and deepening a shared risk culture
- Identifying, managing, and mitigating risks across the Group, including review of key incidents and remediation activities
- Identifying and monitoring emerging risks, including the ongoing impact of the pandemic and its impact on the global economy
- Continuing to focus on cyber security and operational resilience.

Activities

The Committee establishes formal agendas covering all responsibilities delineated in the Committee's Terms of Reference. During the year, the Committee discharged these responsibilities with the following activities:
- Provided robust reviews of principal risks and of emerging risks with a focus in 2021 on:
  - Review and challenge of management's assessment of the Group's risk profile, across both financial and non-financial risk, as well as management's mitigating actions
  - Review and challenge of the Group's financial and operational resilience, including the adequacy of the Group's management of the post-pandemic recovery, enhancements to the Group's technology resilience, and refinements to the Group's risk management programme
  - Monitoring of the cyber security framework and enhancement programmes with a focus on the incident management approach across the Group
  - Monitoring of risk mitigation activities to manage risks within risk appetite
  - Overseeing the adequacy of Group financial resources and monitoring of exposure limits
  - Reviewing detailed reports of the risk profiles of the Group's material businesses
  - Monitored compliance with the Group risk management procedures as described in the section on internal controls on page 76 which included:
  - Reviewing regulatory compliance reports and the actions in place to ensure ongoing compliance
  - Reviewing the adequacy of the Group's Business Continuity Management plans and management programme
  - Reviewing and recommending to the Board the Group Risk Appetite, including stress tests, and challenging the scenario results
  - Ensured readiness and adequacy of the Risk Framework for overseeing the management of the key risks of the new Group post the Refinitiv acquisition

Risk Management Function

The CRO leads and oversees all aspects of risk management for the Group. He reports to the Chief Executive Officer, and also, to ensure independence, to the Chair of the Risk Committee. The Committee approves the CRO's remit and ensures that the CRO has the independence and resources necessary to perform their duty. Group management consults with the Committee on the appointment and dismissal of the Chief Risk Officer.

2022 Priorities

In 2022, the Committee's priorities include:
- Continued refinement of the Enterprise Risk Management Framework across the Group
- Review and monitoring of improvements to the Group's Operational Resilience
- Continued review and monitoring of potential impacts from macro-economic and political events on the Group's strategy and business model
- Closely monitoring the Environmental, Social, and Governance (ESG) related risks
- Continued focus on Cyber Security Framework and control enhancement programme implementation across the Group

Committee effectiveness

The Committee's effectiveness was assessed as part of the 2021 Board and Committee effectiveness review, facilitated internally by the Group Company Secretary. Further details can be found in the Governance section of this report on page 75. The result of the review was that the Committee is performing well and operating effectively.

Kathleen DeRose
Chair of the Risk Committee
2 March 2022

Directors' Remuneration Report

Statement by the Chair of the Remuneration Committee

> On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the financial year ended 31 December 2021, which is my first as Chair of the Remuneration Committee.
>
> **Cressida Hogg**
> **Chair of the Remuneration Committee**

Remuneration Committee members (as at 31 December 2021)
Cressida Hogg (Chair since 22 October 2021)
Jacques Aigrain (Chair until 22 October 2021)
Dr. Val Rahmani
Tsega Gebreyes
Don Robert

This has been an extraordinary year and I am particularly pleased to present the Report after the successful acquisition of Refinitiv and as the Group makes strong progress on the integration.

Shareholder feedback from the 2021 AGM

Our Annual Report on Remuneration for 2020 was subject to an advisory vote at the 2021 AGM and the Board acknowledges that this passed with fewer than 80% of votes in favour. Following the vote, the Board has continued to engage with shareholders, and we value the feedback and insights gained. These engagements confirmed that the majority of shareholders continue to support the decision and recommendations of the Remuneration Committee as the Group becomes a significantly larger, more diverse and global business. We remain committed to meaningful shareholder dialogue and look forward to continued discussions with our shareholders and advisory bodies as we evaluate our Remuneration Policy, which will be presented for shareholder approval in 2023.

Our Annual Report on Remuneration for 2021 is set out on pages 95 to 108 and is subject to an advisory vote at the 2022 AGM.

Purpose, responsibility and terms of reference

The Remuneration Committee is appointed by the Board. The Committee's remit includes the remuneration of the Chairman of the Group, Executive Directors and senior management, as well as overseeing arrangements for all of our people.

Details of the Committee's remit and activities are set out in this Report. The Committee has written terms of reference which are available from the Group Company Secretary or at the corporate governance section of our website at **https://www.lseg.com/about-london-stock-exchange-group/corporate-sustainability/governance**

Areas of focus

The Committee focused on the following areas during an extraordinary year:
- 2021 remuneration outcomes and awards, including 2021 bonus, vesting of 2019 LTIP awards and granting of 2021 LTIP awards;
- Remuneration approach for 2022, including the approach to 2022 bonus and 2022 LTIP awards and a review of the Chairman's fee;
- Remuneration matters related to the divestment of the Borsa Italiana Group;
- The impact of the Refinitiv transaction on in-flight 2019 and 2020 LTIP awards;
- Developing a new reward framework for the combined company, underpinned by rewarding outstanding performance and delivering our goals.

Performance in the year

LSEG has delivered another strong financial performance, with considerable revenue growth across all three business divisions despite the ongoing macro-economic uncertainty and global challenges of the Covid-19 pandemic. The integration of Refinitiv is progressing well and we are well positioned to further capitalise on the significant opportunities across financial markets infrastructure.

Highlights:

- Completed the acquisition of Refinitiv in January, marking a transformative milestone in our history and creating an unparalleled combination in the global financial markets.
- Delivery of 8.5% Adjusted Operating Profit (AOP) growth and 6.1% income growth on a constant currency basis[1].
- Delivered cost synergies ahead of schedule, with £151 million run-rate achieved by the end of 2021. This is ahead of the £88 million originally guided.
- Launched 48 new products in 2021, generating good early revenue synergies.
- Our workforce changed beyond recognition in 2021 as we welcomed over 18,000 new colleagues to LSEG. Strategically we are now operating as one organisation and the Group's cultural intent and leadership behaviours have been successfully integrated.
- We are embedding an inclusive culture at LSEG, supported by a new Diversity and Inclusion strategy, to attract the best talent from the widest pool and strengthen our inclusive leadership in an environment that embraces diversity of every kind.
- Developed a strong new engagement with customers, regulators, government and industry bodies on behalf of the new combined group, supported by our new LSEG branding.
- Successfully completed the divestment of Borsa Italiana Group, with exit and separation activities achieved ahead of schedule.

1. Pro-forma AOP and total income (excluding recoveries) constant currency growth rate excluding the deferred revenue adjustment.

- Our sustainability strategy has been reframed and expanded, with three new strategic priorities regarding sustainability: to accelerate the transition to net zero; enable the growth of the green economy; and create inclusive economic opportunity.
- Continued focus on the welfare and care of our people throughout the pandemic with a shift to hybrid working in key locations, whilst implementing the new organisation and harmonising our people management experience.

2021 bonus outcomes for Executive Directors

As a result of the Group's strong performance and the individual contribution of the Executive Directors, the Committee determined that the Executive Directors will be awarded bonuses of 72% of their maximum opportunity.

Impact of the Refinitiv transaction on in-flight 2019 and 2020 LTIP awards

Given the materiality of the Refinitiv acquisition and its impact on the Group's underlying financial metrics, it was necessary to reconsider the calculation of the AEPS portion of the 2019 LTIP award. The Committee believes that performance for in-flight LTIP awards should be measured on a 'like-for-like' basis pre and post transaction and as such, it was considered necessary to adjust the AEPS target ranges. To accomplish this, the calculated actual AEPS growth was adjusted such that the impact on earnings of the acquisition of Refinitiv and the disposal of Borsa Italiana did not inappropriately affect the vesting.

Furthermore, to reflect the Committee's higher expectations regarding the future growth profile of the combined entity, the revised AEPS target for the 2019 LTIP combines a 6% to 12% CAGR range for the two years pre-acquisition with an increased range of 8% to 18% CAGR, reflecting the initial AEPS targets for 2021 for the one year post-acquisition.

A consistent approach will be adopted for 2020 awards, with detail disclosed in our FY2022 report. No changes have been made to the TSR targets.

2019 LTIP award outcomes

The AEPS element of the LTIP awards made in 2019 will vest at 100%. Based on performance to date it is forecast that the TSR element will also vest in full, however this will be confirmed following the end of the performance period in March 2022 and disclosed in our FY2022 report. These vesting outcomes reflect the delivery of significant value and reflects AEPS growth of 37% year on year and 18% compound annual growth rate (CAGR) over the 3-year performance period; and 17% annualised TSR performance to date.

LTIP awards made in 2021

The AEPS LTIP range for our 2021 award was also materially increased to reflect our expectations of a substantial uplift on the level of earnings, with an external target of over 30% AEPS accretion in the first full year post completion and increasing in years two and three.

We have exceeded this external target in the first year, delivering 37% growth in AEPS when compared with the pre-transaction AEPS of 209.7p for 2020. Given the materially higher 2021 AEPS baseline and growth in the size of the Group, growth in the revised AEPS CAGR will deliver far more value to investors than the previous targets based on a lower baseline.

LTIP awards to be made in 2022

The Committee has given careful attention to the AEPS element of the 2022 grant (60%) and, considering internal and external forecasts, has set the AEPS target at 6.5% to 12.5% CAGR, or 42% growth over the performance period. To achieve maximum vesting, in the region of £1bn of additional AOP would be required, incremental to 2021. The new range also represents an increase to both the threshold and maximum AEPS targets of the LTIP awards prior to the acquisition.

For the TSR element (40%), the relative performance targets will continue to range from median to upper quartile versus the UK FTSE 100 Index.

Salary review for Executive Directors

During the year, the Committee conducted its annual review of the base salary levels of our Executive Directors. No changes are proposed to the salary of the CEO or the CFO. The Committee are mindful that the CFO's salary and total compensation is below the lower quartile versus FTSE 30 comparators. However, upon careful review we determined not to award an increase this year as the CFO is relatively new in the role. The Committee will continue to review this alongside the continued strong performance of the company and the delivery of goals related to the Refinitiv transaction.

Operation of 2022 bonus

The FY2022 Group bonus pool will continue to be determined based on performance measures weighted 60% AOP and 40% strategic deliverables, including key Group initiatives as well as personal and divisional objectives. For 2022, there is a greater level of focus on ESG. Within our strategic objectives, one is dedicated to sustainability reflecting our commitment to drive financial stability, empower economies and enable customers to create sustainable growth.

50% of any bonus payment for Executive Directors will be paid in March 2023. The remaining 50% will be deferred into shares for a period of three years.

Statement by the Chair of the Remuneration Committee continued

Wider workforce considerations

Culture and wellbeing

We are building an even more inclusive culture, where diverse perspectives are encouraged and all employees can be themselves at work. We are making progress on this, with increased levels of employees agreeing that LSEG has a climate in which diverse perspectives are valued.

The pandemic has continued to bring extraordinary challenges. Our goal is to strengthen the health and resilience of our organisation, where people are motivated to perform at their best. To support this goal we have a confidential and anonymous 24/7 Employee Assistance Programme and have also relaunched our global Mental Health Awareness Champions to help us improve mental health literacy and build confidence to support healthy behaviours in the workplace.

Global reward framework

The Committee has responsibility for overseeing arrangements for all of our people and reviews broader workforce policies and practices in order to support decisions on executive pay. During 2021 a single aligned global reward framework was developed to create a transparent, performance-driven approach for our Group. This framework will help to unify and drive our organisation and is based on the following principles:

Transparent, fair and consistent	Inclusive	Competitive	Performance and merit based
• One organisation, one framework, unified reward • Accessible, clear and explainable	• Encourages everyone to participate in Group's success • Drives collaboration through a shared global framework	• Market competitive, aligned to our sector • Evolving to meet the needs of our people and our business	• Rewards individual and collective success • Values what we do and how we deliver

Diversity and Inclusion

We believe that having a diverse workforce makes us more dynamic, fosters innovation and boosts performance. The Committee is committed to driving positive change in our inclusion with D&I performance linked to pay and reward. We have taken a number of actions during the year to reinforce inclusion, increase diversity and promote collaboration and innovation:

- We have designed and implemented a new, global D&I strategy, with four priorities (a) Create a culture that fosters belonging, (b) Build a diverse leadership team, (c) Accelerate progression of underrepresented talent, (d) Shape inclusion in our industry.
- The Board has recently expanded targets for senior leadership, and alongside gender we now have a target for the diversity of racial and ethnic underrepresented groups. We are making progress on these targets with 33% of senior leadership being women and 16% of senior leaders coming from underrepresented groups. In addition, the Board meets the recommendations on gender and ethnic diversity contained in both the Hampton-Alexander Review and the Parker Review.
- Data is a key enabler for us to identify issues, set targets, track progress and deliver change. Data is critical in how we measure our gender pay gap and also to ensure that men and women are paid equally for doing equivalent work. Read our full Gender Pay Gap Report available at **www.lseg.com**. Data is equally as important for other areas of diversity. Good progress has been made with respect to the level of ethnicity data voluntarily provided, which will enable us to report on ethnicity pay in Q4 of 2022.

40%
Target for women in senior leadership roles by the end of 2022

20%
Target for underrepresented groups in senior leadership roles by the end of 2023

46%
of our Board members are women

All employee share plans

We are committed to fostering an inclusive environment for all of our people, especially through our reward frameworks.

- In 2021, we operated two all employee share ownership plan offerings for permanent employees, split across 15 countries.
- During the year, 40% of eligible employees across 15 countries participated in our employee share ownership plans, offering people around the globe the opportunity to invest and share in the Group's future success.
- No SharePurchase cycle has yet completed but during 2021, more than 590 employees across seven countries were able to benefit from Sharesave maturities including share price appreciation of 130%, reflecting the Group's performance over the previous three years.

40%
of eligible employees across 15 countries participated in our employee share ownership plans

CEO pay ratio

In line with the regulations, we have disclosed our CEO to employee pay ratio on page 103. Paying our people fairly relative to their role, skills, experience and performance is central to our approach to remuneration, and our reward framework and policies support us in doing this. Equal pay is also critical, and we review our pay levels on an ongoing basis to ensure that men and women are paid equally for doing equivalent work.

Summary of key executive remuneration decisions

Role		Chief Executive Officer	Chief Financial Officer
Name		David Schwimmer	Anna Manz
Previous salary (with effect from 1 April 2021)		£1,000,000	£650,000
Annual salary (with effect from 1 April 2022)		£1,000,000	£650,000
Bonus for financial year ending 31 December 2021	% of salary	163% of salary	144% of salary
	% of maximum	72%	72%
	£ total amount	£1,625,400	£939,120
	Of which 50% is deferred[1]	£812,700	£469,560
Max. annual bonus opportunity (% of salary)		225%	200%
2022 LTIP award (subject to performance)		300% of salary	300% of salary

1 Executive Directors must compulsorily defer 50% of bonus into shares for a period of three years.

Committee effectiveness

The Committee's effectiveness was assessed as part of the 2021 Board and Committee effectiveness review, facilitated internally by the Group Company Secretary. Further details can be found in the Governance section of this report on page 75. The result of the review was that the Committee is performing well and operating effectively.

Concluding remarks

The intent of this statement and the wider Director's Remuneration Report is to explain the Group's approach to remuneration, which takes into account best practice and market trends in the financial services sector and wider market while continuing to support the commercial needs of the Group, the interests of shareholders and of all other stakeholders.

The Remuneration Committee continues to place great importance on ensuring that there is a clear link between pay and performance, including a focus on culture, adherence to the Group's risk framework, and that our remuneration outcomes are reflective of this wider context.

I would like to thank my fellow Committee members and all internal and external stakeholders who have provided valuable input during this extraordinary year for the Group. On behalf of the Board, I would especially like to thank Jacques Aigrain for his leadership and dedication as the Committee's Chair over the past six years. We look forward to your support of our current proposals at the forthcoming AGM and we remain committed to meaningful dialogue with our shareholders and advisory bodies this year as we evaluate our Remuneration Policy to be presented for shareholder approval in 2023.

Cressida Hogg
Chair of the Remuneration Committee
2 March 2022

This report has been prepared in accordance with Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), and the relevant sections of the Listing Rules.

Directors’ Remuneration Report

Remuneration Policy

The Remuneration Policy Report was subject to a binding shareholder vote at the 2020 AGM and was passed with 96.2% support. We incorporated a number of enhancements to our policy to align with good market practice. The table below illustrates the structure and time horizons of each key remuneration element, demonstrating the long-term focus of our policy. The full Remuneration Policy Report is set out in the 2019 Directors’ Remuneration Report as part of our 2019 Annual Report which can be found on our website: **www.lseg.com/investor-relations/presentations-and-webcasts/annual-reports**. There have been no changes to the policy during the financial period.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Executive Directors							
Salary							
Pension and benefits							
Annual Bonus (subject to malus and clawback provisions*)	50% in cash	50% in shares, 3 year deferral period					
LTIP (subject to malus and clawback provisions*)	3 year performance period			2 year holding period			
Shareholding requirements	Minimum shareholding requirement to be reached within 5 years of appointment					Post-employment shareholding requirement for 2 years post-departure	
Non-Executive Directors							
Fees							
Shareholding requirement	Minimum shareholding requirement to be reached within 3 years of appointment						

* The Committee has discretion to enforce malus and clawback in certain circumstances, including misstatement, negligence, fraud, serious misconduct, significant reputational damage, misbehaviour, material failure of risk management or any other circumstances the Committee deem similar in nature or effect. Clawback will normally apply for a period of 3 years following vesting of shares/deferred cash bonus and/or payment of bonus, unless the Committee determines otherwise.

Annual Report on Remuneration

This section sets out how remuneration arrangements have operated during the past financial year (FY2021), and also provides details on how we intend to operate our policy during the coming year (FY2022). This report will be put to an advisory vote at the 2022 AGM. The information from this pages 95 to 108. has been audited where required under the regulations and is indicated as audited where applicable.

Single total figure of remuneration for Executive Directors (Audited)

	David Schwimmer				Anna Manz			
	FY2021 £000	% of total	FY2020 £000	% of total	FY2021 £000	% of total	FY2020 £000	% of total
Fixed remuneration								
Salary	983		794		650		69	
Flexible benefits allowance	15		15		15		2	
Benefits	161[4]		213		27[5]		2	
Other	–		–		453[6]		–	
Pay for performance								
Annual bonus	1,625		1,369		939		101	
Long term incentive – performance[1,2]	2,325		2,325		–		–	
Long term incentive – share price growth[1,2]	1,235		1,673[3]		–		–	
Pension	98		89		65		7	
Total remuneration	**6,443**		**6,479**		**2,149**		**180**	
of which								
Fixed remuneration	1,258	20%	1,111	17%	1,210	56%	79	44%
Variable remuneration	5,185	80%	5,367	83%	939	44%	101	56%

Notes to the table:

1. Value for Long Term Incentives shown for FY2021 represents estimated value of share awards granted in 2019 that vest in March 2022. The estimate is based on the confirmed 100% vesting of the EPS element and forecast 100% vesting of the TSR element, which will be confirmed in March 2022.
2. The value delivered through performance is calculated as the number of shares forecast to vest in 2022 multiplied by the share price on the date of grant. The value delivered through share price growth is calculated as the same number of shares multiplied by the difference between the average share price in the last 3 months of the financial year, being £71.08 and the share price on the date of grant. The Committee does not intend to amend the outcome or make any adjustments in regard to share price growth over the period, on the basis that this reflects our view of the Group's underlying performance and returns for shareholders over the performance period.
3. Performance shares vested at 100% on 9 August 2021 at £78.06 per share.

David Schwimmer

4. Benefits include the cash value of private medical, income protection and life assurance plus expatriate allowances and commuting expenses (including car transportation where appropriate) with associated taxes. The housing component of expatriate allowances ceased on 31 July 2021. David Schwimmer contributed £500per month to the SAYE plan between throughout 2021; this benefit has been valued based on the discount to market value provided (20%) in relation to these savings.

Anna Manz

5. Benefits include the cash value of private medical, income protection and life assurance plus commuting expenses (including car transportation where appropriate) with associated taxes. Anna Manz contributed £500per month to the SAYE plan between October and December 2021; this benefit has been valued based on the discount to market value provided (20%) in relation to these savings.
6. As previously disclosed, a one-off payment was made in August 2021 to compensate for the forfeiture of 2020 bonus from previous employer, calculated upon publication of Johnson Matthey's 2021 Directors' Remuneration Report. Replicating the structure of the forfeited award, fifty percent was provided an award over shares under the LSEG Restricted Share Award Plan 2018 on 10 August 2021.

Further notes

7. There were no money or assets reported in any previous financial year that were subject to a recovery of sums paid or withholding during the year

Payments for loss of office (audited)

No payments were made for loss of office during the year.

Payments to past directors (audited)

David Warren and Raffaele Jerusalmi stepped down as Executive Directors on 21 November 2020. Since leaving employment, they have received the following payments during the year:

1. David Warren received 35,104 shares on vesting of the 2018 LTIP award on 26 April 2021. This award reflects the 100% vesting outcome, pro-rated to the date of leaving. It remained subject to the two-year post-vesting holding period, per the terms of the remuneration policy. Further detail can be found in the Long Term Incentive Plan table on page 107. In line with our Remuneration Policy and his service contract, he also received base salary of £298,504 and benefits of £74,255 up to his retirement date on 24 June 2021.

2. On 26 April 2021, Raffaele Jerusalmi received 29,545 shares on vesting of 2018 LTIP, reflecting the 100% vesting outcome; 14,506 shares on vesting of the 2019 LTIP, reflecting the 86.5% vesting outcome and time pro-rating; and 848 shares on vesting of the 2020 LTIP, reflecting the 20% vesting outcome and time pro-rating. As disclosed in last year's annual report, when determining the treatment of Raffaele's outstanding LTIP awards, the Committee was mindful that Borsa Italiana was being acquired by a competitor and determined that awards should vest on completion, subject to time and performance pro-rating and a two-year post-vesting holding period. Further detail can be found in the Long Term Incentive Plan table on page 107.

Additional notes to the Single total figure of remuneration (Audited)

Fixed pay

Base salary

When reviewing Executive Director salaries, and in line with our policy, the Committee considers multiple reference points including companies in the FTSE 100, the broader Financial Services sector and other international exchange groups. The Committee considers these reference points remain appropriate in the context of the enlarged Group.

Benefits

A flexible benefits plan is offered, in which individuals have certain core benefits (such as private medical, life assurance and income protection) together with (in the UK) a taxable cash allowance which can be spent on elective benefits (such as additional medical, life or dental cover). Where received as a cash supplement, this allowance is not used to calculate bonus payments or pension contributions.

Benefits are reviewed periodically to ensure they remain affordable and competitive. Executives are eligible to participate in the Group's HMRC tax-favoured SAYE Scheme (or international equivalent). There has been no change to the provision of benefits and all arrangements below have previously been disclosed.

David Schwimmer receives a flexible benefits allowance of £15,000 per annum, which is unchanged from last year. In addition, he receives benefits in kind which include private health care, permanent health insurance and life assurance arrangements. Mr Schwimmer is also provided with car transportation where appropriate.

As an expatriate from the US to UK, David Schwimmer receives the following:

- For the first three years of employment, an annual allowance of £150,000 in respect of accommodation expenses; this allowance ceased on 31 July 2021.
- Tax preparation and filing assistance in the US and the UK.
- The Group will meet the costs of repatriating Mr Schwimmer's effects back to the US if it terminates his employment other than in circumstances such as serious misconduct which would justify summary termination.
- For the first five years of employment, an annual allowance of up to £50,000 to cover flights between London and the US for Mr Schwimmer and his family.

David Schwimmer contributes £500 per month into the 2020 SAYE scheme which will mature in June 2023 with a six-month exercise window. Anna Manz contributes £500 per month into the 2021 SAYE scheme which will mature in November 2024 with a six-month exercise window.

There are no contractual malus or clawback provisions in place in relation to benefits.

Executive Directors are covered by the Directors' and Officers' insurance and indemnification.

Retirement Benefits

In the UK, pension provision for our Executive Directors takes the form of a non-consolidated cash allowance; only base salary is used to calculate pension entitlement and no other pension supplements apply.

David Schwimmer and Anna Manz each receive an allowance equivalent to 10% of base salary as a taxable cash supplement, which is in line with the wider workforce, ensuring we are compliant with the UK Corporate Governance Code.

Bonus awarded for FY2021

Executive Directors are eligible to receive an annual bonus based on meeting or exceeding bonus targets that are set at the beginning of the year, looking at the Group's financial performance, strategic deliverables and their personal contribution.

The Committee also receives input from the Risk Committee with regard to performance related to risk culture (awareness, transparency and accountability) when assessing remuneration decisions.

The operation of the FY2021 annual bonus is as per last year. The Group bonus pool continues to be assessed against 60% financial performance and 40% against strategic deliverables. The Committee considers AOP to be of particular significance for the Group and believes it should continue to be the main financial measure for annual bonus plan purposes. As per 2020, the maximum bonus opportunity is 225% of salary for the Chief Executive Officer and 200% of salary for other Executive Directors.

The Executive Directors' awards are funded from the Group bonus pool. For FY2021 the performance of the Executive Directors and Group Executive team continues to be assessed as part of a scorecard. This scorecard aligns the bonus assessment with the construct of the Group bonus pool: 60% against Group AOP; 40% against strategic deliverables. The 'strategic' element includes key Group strategic initiatives as well as personal and divisional objectives.

Further to our commitment to ensure a greater focus on the development of culture for the Group, the Committee determined that within this scorecard there should be a greater proportion assessing behavioural performance, to allow for a stronger emphasis on how the individuals achieved their targets. A 360° feedback process informs part of the assessment of the personal element of the scorecard.

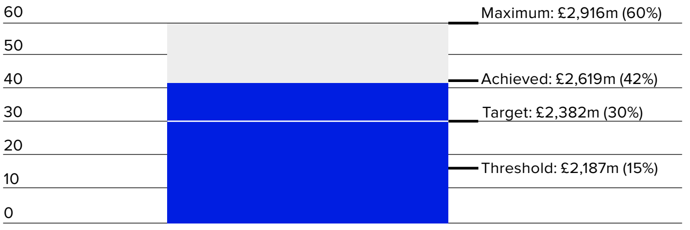
Determination of Bonus for FY2021

The Committee determined the overall Group bonus pool with reference to the 12-month performance period ending 31 December 2021. The performance measures and targets for the FY2021 Group bonus pool are set out below:

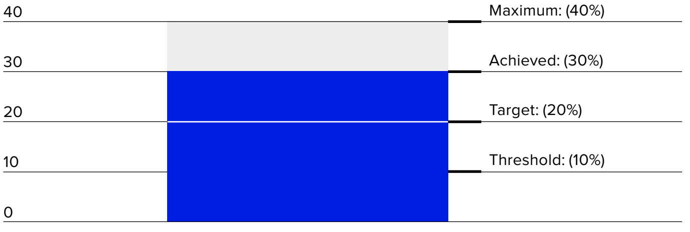
		Pro-forma performance[3]	Target	Performance relative to target	Maximum percentage of bonus	Actual percentage of bonus
FY2021 Group Bonus Pool	Group AOP	FY2021 AOP of £2,619m.	FY2021 AOP of £2,382m.	Above target	60%	42%
	Strategic Deliverables	• Closed the $27bn acquisition of Refinitiv; started to operate as one organisation, with a clearly articulated vision and strategy • Completed the divestment of the Borsa Italiana Group ahead of schedule • Debt refinancing programme successfully completed – blended cost of debt reduced from 4.6% to 1.6%; average maturity extended from 4.2 to 6.5 years; leverage reduced down to 1.9x, 12 months ahead of schedule • Delivered cost synergies ahead of schedule, with £151 million run-rate achieved by the end of 2021. This is ahead of the £88 million originally guided. • Launched 48 new products in 2021, generating good early revenue synergies • Implementation of Target Operating Model on track and location strategy underway; optimising resource allocation and embedding risk, resiliency and control frameworks across LSEG. • Developed a strong new engagement with customers, regulators, government and industry bodies on behalf of the new combined group supported by our new LSEG branding. • Maintained S&P & Moody's ratings at A- & A3 respectively, which has exceeded market expectations • Our sustainability strategy has been reframed and expanded, with three new strategic priorities regarding sustainability: to accelerate the transition to net zero; enable the growth of the green economy; and create inclusive economic opportunity. As part of this commitment, LSEG became the first global exchange group to become a member of the United Nations Climate Change 'Race to Zero'. • Significant ongoing projects relating to EU clearing, DORA, data privacy and index regulations. • Strong progress across various cyber and resiliency programmes • Progress on gender and race diversity targets, with 33% of senior leadership being women and 16% of senior leaders from underrepresented groups. • Announced strategic acquisition of Quantile to help drive growth in Post Trade solutions. • More than 81% of our people took part in the LSEG Engage survey in October. The engagement index of 73 remained stable throughout the year, reflecting our strong commitment to listening and building an environment where diverse perspectives are valued and where people feel they can share their views. • Continued focus on the welfare and care of our people throughout the pandemic, with a shift to hybrid working in key locations, whilst implementing the new organisation and harmonising our people management experience.		Above target	40%	30%
	Total				**100%**	**72%**

1. AOP excludes amortisation of purchased intangibles, non-underlying items.
2. For the FY2021 Group AOP bonus measure, Threshold was set at Target minus 8% and Maximum was set at Target plus 22%.
3. Group AOP is measured on a constant currency Pro-forma basis using budget foreign exchange rates.

Group adjusted operating profit performance (% of total bonus)



Strategic deliverables performance (% of total bonus)



1. Actual result for Group AOP performance is 70% of maximum.
2. Actual result for Strategic Deliverables performance is 75% of maximum.

Application of discretion

These incentive outcomes above are reflective of overall Group financial and strategic performance, and the Committee determined that no discretion should be exercised to adjust the formulaic outcomes.

Chief Executive Officer

David Schwimmer has led the Group through another significant year of change. LSEG has delivered another strong financial performance year and is making excellent progress on the integration through executing a number of workstreams to deliver the strategic and financial benefits of the transaction. The Group is well placed as we make targeted investments in product and technology enhancements to help us meet the needs of our customers and capitalise on the growth trends driving change across our industry.

David led the sale of the Borsa Italiana Group to Euronext in April this year to facilitate the regulatory approval of the Refinitiv transaction. LSEG used proceeds from the sale to significantly reduce the Group's debt levels.

Under David's leadership, LSEG has begun to operate as one organisation with a group strategy. David has refreshed LSEG's leadership team, and that team has embedded the Group's purpose, cultural intent and leadership behaviours throughout the organisation; we have redefined our customer engagement model and commercial strategy across all three business divisions. We have made strong progress towards financial targets and implementation of a number of strategic transformation programmes, including cyber and operational resiliency programmes.

David has driven the reframing and expansion of our sustainability strategy, which is anchored in LSEG's purpose of driving financial stability, empowering economies and enabling customers to create sustainable growth. LSEG became the first global exchange group to become a member of the United Nations Climate Change 'Race to Zero' in February and has set ambitious, science-based targets designed to limit global temperature rise to 1.5°. In addition, the Group has committed to reducing its greenhouse gas emissions by 50% by 2030 from a 2019 base year. Full details can be found in our separate sustainability report on page 20.

David has continued to build a culture of diversity and inclusion. Under his leadership, LSEG has invested significantly more in our leadership and culture development programmes, the assessment process for appointments, and the review and feedback processes for our people. LSEG has extended targets for senior leadership; alongside existing gender targets we now have a target for racial/ethnic diversity among our leadership ranks.

Chief Financial Officer

Anna Manz has played a central role as the Group continues to grow. LSEG has delivered strong revenue growth across all three business divisions: Data & Analytics, Capital Markets and Post Trade and remains in a robust financial position.

Anna has led the delivery of the synergy and growth targets announced as part of the Refinitiv acquisition. Our synergy programme is ahead of schedule, with £151 million of run-rate cost synergies and £15m run-rate revenue synergies realised by year-end.

In addition, under Anna's leadership we have redesigned and optimised core processes, including the launch of a new strategic planning process, entity reporting consolidation, and significant work in-flight or completed across control environments, such as quote to cash remediation, cash controls, and source to pay.

Anna has also overseen the successful completion of the debt refinancing programme, reducing the blended cost of debt from 4.6% to 1.6% and extending the average maturity from 4.2 to 6.5 years. In addition, LSEG has maintained its credit ratings at A- and A3 with S&P and Moody's respectively.

Based on the above context and an assessment of individual performance, the Remuneration Committee awarded bonuses to each of the Executive Directors as follows:

Role		Chief Executive Officer	Chief Financial Officer
Name		David Schwimmer	Anna Manz
Bonus for FY2021	% of salary	163% of salary	144% of salary
	% of maximum	72%	72%
	£ total amount	£1,625,400	£939,120
	Of which 50% is deferred	£812,700	£469,560
Bonus Component	Financial Performance (60%)	70% of maximum	70% of maximum
	Strategic Deliverables (20%)	75% of maximum	75% of maximum
	Personal/ Divisional Objectives (20%)	75% of maximum	75% of maximum

Compulsory deferral under Remuneration Policy

Executive Directors must compulsorily defer 50% of their bonus into shares for a period of three years. Dividend equivalents will be paid in respect of deferred shares on vesting.

LTIP Awards granted in March 2018 with a performance period ending in FY2021

The performance period for the absolute TSR element of the Performance Share awards ended in March 2021. The awards granted in 2018 were based on absolute TSR performance in the 3 years from grant, and adjusted EPS performance in the 36-month performance period to December 2020. Over the period, annualised absolute TSR performance in the 3 years to March 2021 was 24.88% per annum and therefore vested at 100% for this element. The Company also delivered average adjusted EPS growth of 12.1% per annum over the performance period and therefore vested at 100%. The vesting price at 26 April 2021 was £85.82. These values are shown in the single figure table for the financial year ending December 2020.

LTIP Awards granted in March 2019 with a performance period ending in FY2022

The value shown in the single figure table on page 95 for the financial year ending December 2021 represents the estimated value of the 2019 awards which will vest in March 2022. The estimate is based on the closing average share price of £71.08, which will be confirmed in March 2022. The estimated value is based on the average share price in the final 3 months of the financial year. The Committee does not intend to amend the outcome or make any adjustments in regard to share price growth over the period, on the basis that this vesting reflects our view of the Group's underlying performance and returns for shareholders over the performance period.

As disclosed in the Statement by the Chairman of the Remuneration Committee, given the materiality of the Refinitiv acquisition and its impact on the Group's underlying financial metrics, it was necessary to reconsider the AEPS performance targets of the 2019 LTIP award. To accomplish this, the calculated actual AEPS growth was adjusted such that the impact on earnings of the Refinitiv and Borsa Italiana transactions did not inappropriately affect the vesting.

Furthermore, to reflect the Committee's higher expectations regarding the future growth profile of the combined entity, the revised AEPS target for the 2019 LTIP combines a 6% to 12% CAGR range for the two years pre-acquisition with an increased range of 8% to 18% CAGR, reflecting the initial AEPS targets for 2021 for the one year post-acquisition.

No change has been made to the TSR targets. The final vesting outcome (including the actual share price at vesting) following the end of the performance period will be disclosed in the next Annual Report on Remuneration covering FY2022.

The performance conditions applying to awards granted in March 2019 are as follows:

EPS element (50%) – average adjusted EPS growth	TSR element (50%) – absolute TSR growth	Proportion of relevant element which vests
Less than 6.7% p.a.	Less than 6% p.a.	0%
6.7% p.a.	6% p.a.	25%
14% p.a. or more	14% p.a. or more	100%
Straight-line pro-rating applies between these points		

LTIP Awards Granted in FY2021 (Audited)

Awards during FY2021 were granted in March under the LTIP and were made with a value of 300% of salary for David Schwimmer and 300% of salary for Anna Manz.

		Chief Executive Officer	Chief Financial Officer
Name		David Schwimmer	Anna Manz
2014 LTIP (conditional award)	% of salary	300% of salary	300% of salary
	Face value	£3,000,000	£1,950,000
	Share price[1]	£70.62	£70.62
	Number of LTIP shares granted	42,480	27,612

Notes:
1. The share price of £70.62 was determined using the closing price (MMQ) on 25 March 2021 as approved by the Share Scheme Committee (a sub-committee of the Remuneration Committee).
2. TSR is measured over a 2 month trailing average at the start and end of the performance period and compared to the UK FTSE 100 Index peer group. EPS is measured over the same performance period, 3 financial years ending 31 December 2023, and compared to the FY2021 baseline.

The performance conditions applying to awards granted in March 2021 are as follows:

EPS element (60%) – average adjusted EPS growth	TSR element (40%) – relative TSR growth vs. UK FTSE 100 Index	Proportion of relevant element which vests
Less than 8% p.a.	Less than median	0%
8% p.a.	Median ranking	25%
18% p.a. or more	Upper quartile ranking	100%
Straight-line pro-rating applies between these points		

Other share plans (SAYE, SharePurchase)

All permanent UK people, including Executive Directors, are eligible to participate in the HM Revenue & Customs tax-favoured Save As You Earn Scheme (SAYE). Under the rules of the SAYE, participants can save up to £500 each month, for a period of three years. At the end of the saving period, savings may be used to acquire ordinary shares by exercising the related option. The options may be granted at an exercise price which represents a discount of up to 20% to market value at the date of invitation. No performance conditions are attached to SAYE options.

There is also a SharePurchase Plan, which is designed to provide share options to all people in our Group, including Executive Directors, who are not based in the UK. SharePurchase allows eligible people in 14 countries to purchase up to an equivalent of £500 of LSEG ordinary shares per month and are then awarded additional shares which vest after the completion of a 3 year plan cycle. No performance conditions are attached to the award. During 2021 we launched SharePurchase into 6 new countries, meaning that this year 55% of our employees globally were offered the opportunity to benefit from our success and share in LSEG's future by participating in one of our employee share ownership plans.

In 2020 and 2021 respectively, Mr Schwimmer and Ms Manz commenced saving the maximum £500 per month, pertaining to options granted on exactly the same terms as to all other eligible employees.

These all-employee share plans are a core component of our people proposition and benefits offering, acting as a modest retention tool with 40% of eligible people participating globally.

Implementation of the Remuneration Policy during 2022 (1 January 2022 to 31 December 2022)

Base salary operation:

During the year, the Committee conducted its annual review of the base salary levels of our Executive Directors. No changes are proposed to the salary of the CEO or the CFO. The Committee are mindful that the CFO's salary and total compensation is below the lower quartile versus FTSE 30 comparators. However, upon careful review we determined not to award an increase this year as the CFO is relatively new in the role. The Committee will continue to review this alongside the continued strong performance of the company and the delivery of goals related to the Refinitiv transaction.

Pension operation:

The CEO and the CFO receive a pension contribution of 10% of salary which is in line with the wider workforce, ensuring we are compliant with the UK Corporate Governance Code.

Annual bonus operation:

- As per prior years, for FY2022 the Group bonus pool will be determined based on performance measures weighted 60% Group AOP and 40% strategic deliverables to be assessed over a 12-month performance period.
- For 2022, there is a greater level of focus on ESG. Within our strategic objectives, one is dedicated to sustainability reflecting our commitment to drive financial stability, empower economies and enable customers to create sustainable growth.
- The Executive Directors' awards are funded from the Group bonus pool. As per 2021, the performance of the Executive Directors and Group Executive team is assessed as part of a scorecard. This scorecard aligns the bonus assessment with the construct of the Group bonus pool: 60% against Group AOP; 40% against strategic deliverables. The 'strategic' element includes key Group strategic initiatives as well as personal and divisional objectives.
- Further to our commitment to ensure a greater focus on the development of culture for the Group, the Committee determined that within this scorecard there should be a greater proportion assessing behavioural performance, to allow for a stronger emphasis on how the individuals achieved their targets. A 360° feedback process informs part of the assessment of the personal element of the scorecard.
- 50% of any bonus payment for Executive Directors and the Group Executive team will be paid in March 2022. The remaining 50% will be deferred into shares for a period of three years.
- Deferred awards are subject to malus and clawback provisions (e.g. in cases of material misstatement. gross misconduct, misbehaviour or material failure of risk management) with judgement applied by the Committee.
- For good leavers, awards will usually vest at the normal vesting date and in full, unless the Committee determines to scale back the award based on any factors deemed relevant. Where an individual is not considered to be a good leaver, unvested awards will lapse.
- The implementation of the scorecard for the Group Executive team and extension of the bonus deferral scheme below Group Executive level to the Group Leader population provides greater alignment with the Executive Directors. In addition, it is in accordance with the revised UK Corporate Governance Code which calls for remuneration committees to determine remuneration for 'senior management' and to more closely align incentives with culture.

Long Term Incentive Plan:

LTIP awards will be granted in 2022 under our 2014 shareholder-approved plan in line with our policy. The 2022 LTIP awards will be subject to a two-year holding period in addition to the three-year vesting period, resulting in a total five year period from the date of grant. The Committee has approved the use of conditional shares in lieu of nil cost options to deliver performance shares to participants for awards made from 2021.

The Committee has given careful consideration to the LTIP target ranges applicable to the 2022 grant, in particular to ensure that AEPS growth targets are appropriately stretching taking into account both internal and external forecasts. For the AEPS element (60%), the performance targets will range from 6.5% to 12.5% growth per annum.

The AEPS LTIP range for our 2021 award was also materially increased to reflect our expectations of a substantial uplift on the level of earnings, with an external target of over 30% AEPS accretion in the first full year post completion and increasing in years two and three. We have exceeded this external target in the first year, delivering 37% growth in AEPS when compared with the pre-transaction AEPS of 209.7p for 2020. Given the materially higher 2021 AEPS baseline and growth in the size of the Group, growth in the revised AEPS CAGR will deliver far more value to investors than the previous targets based on a lower baseline. The new range also represents an increase to both the threshold and maximum AEPS targets of the LTIP awards prior to the acquisition.

For the TSR element (40%), the relative performance targets will continue to range from median to upper quartile versus the UK FTSE 100. The Committee continues to review the appropriateness of the UK FTSE 100 as the comparator group against which to measure relative TSR. It has concluded that it remains the most appropriate comparator group as LSEG is a constituent of this group and it represents an index in which our shareholders may otherwise invest.

Malus and clawback provisions will apply to these awards, allowing the Committee to reduce subsisting awards or request the refund of already paid or vested awards in certain circumstances (e.g. material misstatement, gross misconduct, misbehaviour or material failure in risk management). The 2022 awards will vest three years after the grant date subject to relative TSR and adjusted EPS performance measures as follows.

EPS element (60%) – average adjusted EPS growth	TSR element (40%) – relative TSR growth	Proportion of relevant element which vests
Less than 6.5% p.a.	Less than median	0%
6.5% p.a.	Median ranking	25%
12.5% p.a. or more	Upper quartile ranking	100%
Straight-line pro-rating applies between these points		

Awards to be made during 2022

Based on the context and an assessment of individual performance, the Remuneration Committee intends to make grants to each of the Executive Directors under the 2014 LTIP as set out below.

		Chief Executive Officer	Chief Financial Officer
Name		David Schwimmer	Anna Manz
2022 LTIP award (subject to performance)	% of salary	300% of salary	300% of salary
	Amount	£3,000,000	£1,950,000

Shareholding requirements

The minimum shareholding requirement for the CEO is 4x base salary, for other Executive Directors is 3x base salary and 2x base salary for the Group Executive team. Executive Directors will also be required to hold the lower of their actual shareholding and 100% of their MSR for two years post-departure.

Non-Executive Directors' fees for 2022

During the year, the Committee decided to increase our Chairman's fee to £625,000. Since joining LSEG as Chairman three years ago, his fee level has been frozen. During this period company performance has been outstanding and its scale and complexity has been transformed by the Refinitiv transaction. The new fee level remains materially below market median for the FTSE 30. The increase is effective for three years, in line with the appointment renewal cycle.

There are no other changes to fees and the fee schedule for 2022 is as follows:

Fees	With effect from 1 Jan 2021	With effect from 1 Jan 2022
Group Chairman	£525,000	£625,000
Senior Independent Director	£150,000	£150,000
Non-Executive Director base fee (inclusive of Committee memberships)	£80,000	£80,000
Audit / Remuneration / Risk Committee Chair	£30,000	£30,000

Non-Executive Directors are also required to build up a shareholding requirement of 1x basic annual fees, to be built up within three years of appointment.

Non-Executive Directors' Remuneration

Non-Executive Directors' remuneration is determined by the Board and is neither performance-related nor pensionable. The Chairman's fee is determined by the Remuneration Committee. The fees for Non-Executive Directors are set at a level which is intended to recognise the significant responsibilities of Directors and to attract individuals with the necessary experience and ability to make an important contribution to the Company's affairs. Comparisons are made with fees paid at FTSE 30 companies.

A travel allowance of £4,000 per intercontinental trip for Non-Executive Directors reflects the global nature of the company's business and the additional time commitment required for travel. The Group Chairman will not be eligible for this allowance as he receives an all-inclusive fee for his role.

Travel and other appropriate expenses with associated taxes (including fees incurred in obtaining professional advice) incurred in the course of performing their duties are reimbursed to the Chairman and to the Non-Executive Directors.

The Chairman and the Non-Executive Directors do not participate in any of the Company's annual bonus or LTIP plans and are not entitled to any payments on termination.

Certain Non-Executive Directors are entitled to receive fees from subsidiary companies, details of which are set out below.

Directors' Remuneration Report continued

The original date of appointment as Directors of the Company is as follows:

Name	Date Appointed	Date of letter of appointment	Time to expiry	Notice period	Date of resignation	LSEG Committee membership/chairmanship	Other subsidiaries/ committees
Don Robert	01/01/2019	01/01/2022	31/12/2024	6 months		Group Chairman, Nomination Chair, Remuneration	
Jacques Aigrain	01/05/2013	01/05/2019	30/04/2022	None		Audit, Nomination, Remuneration	LCH (Remuneration Committee)
Dr. Val Rahmani	20/12/2017	20/12/2020	19/12/2023	None		Risk, Nomination, Remuneration	
Professor Kathleen DeRose	28/12/2018	28/12/2021	27/12/2024	None		Audit, Nomination, Risk Chair	
Cressida Hogg CBE	08/03/2019	08/03/2019	07/03/2022[1]	None		Nomination, Remuneration Chair	
Dominic Blakemore	01/01/2020	01/01/2020	31/12/2023	None		Audit Chair, Nomination, Risk	
Tsega Gebreyes	01/06/2021	01/06/2021	31/05/2024	None		Nomination, Remuneration, Risk	
Ashok Vaswani	01/06/2021	01/06/2021	31/05/2024	None		Audit, Nomination, Risk	
Directors who stood down from the Board during the Year:							
Stephen O'Connor	12/06/2013	12/06/2019	11/06/2022	None	06/08/2021	SID, Audit, Nomination, Risk	LSE plc
Shareholder directors							
Martin Brand	29/01/2021	29/01/2021				Nomination	
Erin Brown	29/01/2021	29/01/2021				Nomination	
Douglas Steenland	29/01/2021	29/01/2021				Nomination	

Notes:
1. New letter of appointment for Cressida Hogg will be put in place on 8 March 2022.

Non-Executive Directors' Remuneration Table (Audited)

	FY2021 LSEG Fees £000	FY2021 Other Fees[1] £000	FY2021 Total Fees £000	FY2021 Taxable benefits[2] £000	FY2021 Total £000	FY2020 LSEG Fees £000	FY2020 Other Fees[1] £000	FY2020 Total Fees £000	FY2020 Taxable benefits[2] £000	FY2020 Total £000
Don Robert	**525**	–	**525**	**5**	**530**	525	–	525	32	557
Jacques Aigrain	**103**	**5**	**108**	**1**	**109**	110	5	115	–	115
Dr. Val Rahmani	**80**	–	**80**	**4**	**84**	80	–	80	16	96
Professor Kathleen DeRose	**110**	–	**110**	**6**	**116**	80	–	80	10	90
Cressida Hogg CBE	**108**	–	**108**	–	**108**	80	–	80	–	80
Dominic Blakemore	**110**	–	**110**	–	**110**	101	–	101	–	101
Tsega Gebreyes[3]	**41**	–	**41**	–	**41**	–	–	–	–	–
Ashok Vaswani[3]	**41**	–	**41**	–	**41**	–	–	–	–	–
Martin Brand[4]	–	–	–	–	–	–	–	–	–	–
Erin Brown[4]	–	–	–	**5**	**5**	–	–	–	–	–
Douglas Steenland[4]	–	–	–	**5**	**5**	–	–	–	–	–
Directors who stood down from the Board during the year:										
Stephen O'Connor[5]	90	50	140	–	140	139	50	189	–	189
Total Non-Executive Directors' fees	**1,208**	**55**	**1,263**	**26**	**1,289**	1,115	55	1,170	58	1,228

Notes:
1. Other fees relate to subsidiaries and other committees.
2. Taxable benefits relate to any travel allowance payments and travelling expenses, including grossed up taxes where applicable.
3. Appointed to the Board on 1 June 2021.
4. Shareholder directors appointed to the Board on 29 January 2021, who do not receive a fee for their role.
5. Stepped down as Senior Independent Director and from the Board on 6 August 2021.

Outside appointments

Executive Directors are allowed to accept appointments as Non-Executive Directors of other companies with the prior approval of the Chairman. Approval will only be given where the appointment does not represent a conflict of interest with the Company's activities and where the wider exposure gained will be beneficial to the development of the individual. Executive Directors may retain fees to encourage them to seek out the development opportunities and valuable experience afforded by these appointments and in recognition of the personal responsibility Executives assume in such roles and we would disclose these fees.

Anna Manz is a Non-Executive Director of ITV plc and is a member of their Remuneration and Audit and Risk Committees. For FY2021, Anna received fees of £75,796 in connection with this appointment.

Director changes during the year

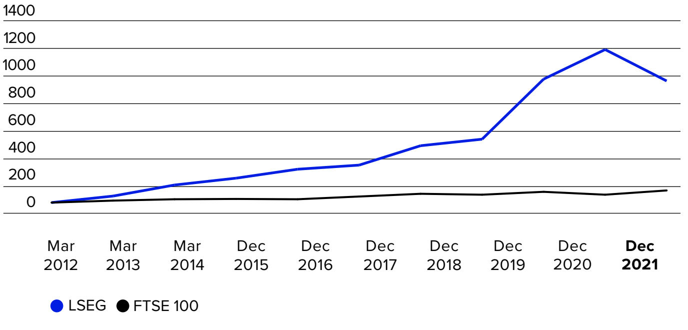
There have been no Director changes during the year.

Alignment between pay and performance

Total Shareholder Return (TSR) performance

The following graph shows, for the financial period ended 31 December 2021 and for each of the previous ten financial periods, the TSR on a holding of the Company's ordinary shares of the same kind and number as those by reference to which the FTSE 100 is calculated. The TSR graph represents the value, at 31 December 2021, of £100 invested in London Stock Exchange Group plc on 31 March 2011, compared with the value of £100 invested in the FTSE 100 Index over the same period. As a member of the FTSE 100, we have chosen the FTSE 100 Index as it is currently the most relevant index for benchmarking our performance over the ten financial periods.

Total Shareholder Return



Historic levels of CEO pay

Period ended: (12 months unless otherwise stated)	CEO	CEO Single total figure of remuneration £000	Annual bonus payout against maximum opportunity %	Long-term incentive vesting rates against maximum opportunity %
31 December 2021	David Schwimmer	6,443	72%	72%
31 December 2020	David Schwimmer	6,479	76%	100%
31 December 2019	David Schwimmer	2,456	75%	–[3]
31 December 2018	David Schwimmer[1]	2,153	76%	–[3]
29 November 2017	Xavier Rolet[2]	5,799	79%	100%
31 December 2016	Xavier Rolet	6,880	91%	91%
31 December 2015	Xavier Rolet	6,526	95%	94%
9 months ended 31 December 2014	Xavier Rolet	4,587	89%	50%
31 March 2014	Xavier Rolet	6,383	93%	100%
31 March 2013	Xavier Rolet	6,015	89%	100%
31 March 2012	Xavier Rolet	5,245	100%	65%
31 March 2011	Xavier Rolet	2,134	89%	–

Notes:
1. Appointed as CEO on 1 August 2018 and his data is as per the Single total figure of remuneration table for FY2018.
2. Stepped down from the Board on 29 November 2017; data therefore represents 11-month figures.
3. Awards vesting in 2019 and 2020 vested at 89.6% and 100% respectively; these grants were not applicable to David Schwimmer.

CEO to employee pay ratio (Audited)

Paying our people fairly relative to their role, skills, experience and performance is central to our approach to remuneration, and our reward framework and policies support us in doing this. The Committee consider pay ratios as a useful reference point to inform pay decisions, but also take into account a number of other internal and external factors when determining executive pay outcomes, including:

- Our reward framework which establishes the compensation structure, elements and leverage for each career stage in the organisation, providing the Committee with oversight of workforce remuneration;
- The Group's financial and strategic performance, including consideration of risk;
- Each individual's performance, including conduct and behaviour, against personal objectives;
- External market surveys; and
- Wider context and the views of shareholders and investor bodies.

The table below shows the ratios of the CEO single total figure of remuneration (as disclosed on page 95) to the total pay and benefits of UK people at the 25th, 50th and 75th percentile.

Year	Method	25th percentile pay ratio	50th percentile pay ratio	75th percentile pay ratio
2021	C	97	63	49
2020	C	93	67	49
2019	C	31	21	19

The Committee has reviewed the ratios and pay data for the individuals identified at each of the relevant quartiles and believe they are a fair reflection of the company's wider pay policies. The remuneration received by each of the individuals is in line with our reward framework. Executive Directors' and other senior managers' remuneration include a greater proportion of performance related pay when compared to the identified people. The Committee considers this is essential to differentiate levels of responsibility and align pay to sustainable long-term performance and shareholders' interests.

As a significant proportion of the CEO's remuneration is linked to performance and share price over the longer-term, it is expected that annual changes in the pay ratio will be significantly influenced by LTIP outcomes each year and will fluctuate accordingly.

Notes to the calculation:
- We have chosen to use Option C in the regulations to determine the pay ratios. The best equivalents for the UK individuals at the 25th, 50th and 75th percentiles were determined using the hourly rate from our additional gender pay disclosure, which goes beyond the UK statutory disclosure requirements. We have chosen to use Option C as it leverages the comprehensive analysis we have completed as part of our UK gender pay gap reporting exercise. It includes our entire UK population and all compensation awards in the financial year to ensure that the best equivalents determined are a fair and true representation of workforce pay at the relevant percentiles. Further information on our additional gender pay disclosure is provided in our Gender Pay Report which is available at: **www.lseg.com**.
- The 2021 total pay and benefits of the identified people was determined based on data as at 31 December 2021.
- The 2021 total pay and benefits for the 25th, 50th and 75th percentile people are as follows: £66,388, £101,919, £131,446.
- The 2021 base salary for the 25th, 50th and 75th percentile people are as follows: £41,548, £75,411, £105,000.

Percentage change in remuneration of all directors and our people

The table below shows the percentage year-on-year change in salary, benefits and annual bonus for each Executive Director and Non-Executive Director compared to the global average remuneration of our employees. Where appropriate, amounts have been annualised to provide a like-for-like comparison. The year-on-year reduction in benefits costs for our Non-Executive Directors is largely due to the decrease in travel-related expenses during the Covid-19 pandemic. The year-on-year reduction in the benefits and bonus costs for our employees is reflective of the newly combined company and a change in the geographic mix of our employee population; we expect to see a more stable annual trend in future years.

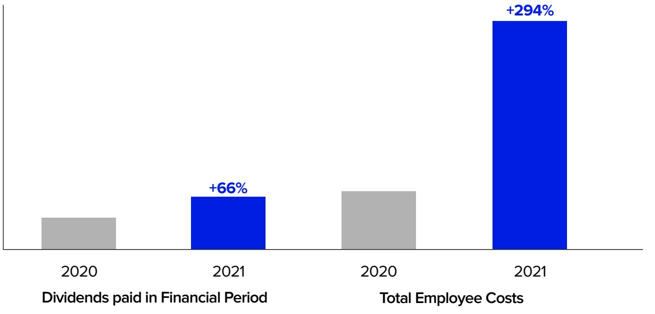
	2021			2020		
	Salary / fees	Benefits	Annual Bonus	Salary / fees	Benefits	Annual Bonus
Executive Directors[1]						
David Schwimmer	**24%**	**-23%**	**19%**	2%	-11%	5%
Anna Manz	**N/A**	**N/A**	**N/A**	N/A	N/A	N/A
Non-Executive Directors[2]						
Don Robert	**0%**	**-85%**	**N/A**	0%	-30%	N/A
Jacques Aigrain	**-6%**	**N/A**	**N/A**	5%	-99%	N/A
Dr. Val Rahmani	**0%**	**-73%**	**N/A**	7%	-67%	N/A
Professor Kathleen DeRose[3]	**38%**	**-44%**	**N/A**	7%	-74%	N/A
Cressida Hogg MBE[4]	**35%**	**N/A**	**N/A**	7%	0%	N/A
Dominic Blakemore	**9%**	**N/A**	**N/A**	N/A	N/A	N/A
Tsega Gebreyes[5]	**N/A**	**N/A**	**N/A**	N/A	N/A	N/A
Ashok Vaswani[5]	**N/A**	**N/A**	**N/A**	N/A	N/A	N/A
Martin Brand[6]	**N/A**	**N/A**	**N/A**	N/A	N/A	N/A
Erin Brown[6]	**N/A**	**N/A**	**N/A**	N/A	N/A	N/A
Douglas Steenland[6]	**N/A**	**N/A**	**N/A**	N/A	N/A	N/A
Directors who stood down from the Board during the year:						
Stephen O'Connor[7]	**-26%**	**N/A**	**N/A**	80%	-100%	N/A
Average pay of employees	**-29%**	**-37%**	**-47%**	3%	10%	4%

Notes:
1. Calculated using data from the single total figure of remuneration table on page 95.
2. Calculated using data from the Non-Executive Directors' Remuneration Table on page 102.
3. Kathleen DeRose was appointed as Chair of the Risk Committee on 1 January 2021.
4. Cressida Hogg was appointed as Senior Independent Director on 6 August 2021.
5. Appointed to the Board on 1 June 2021.
6. Shareholder directors, who do not receive a fee for their role.
7. Stephen O'Connor stepped down as Senior Independent Director and from the Board on 6 August 2021.

Relative importance of spend on pay

The table below shows the relative FY2021 versus FY2020 expenditure of the Group on Dividends versus Total Employee Costs. These figures are underpinned by amounts from the Notes to the Financial Statements at the back of this report.

Year-on-year increases (%)	FY2021	FY2020	Annual Increase
Dividends Paid In Financial Period	**£426m**	£257m	+66%
Total Employee Costs	**£1,858m**	£471m	+294%



Statement of Directors' shareholdings and share interests as at 31 December 2021 (Audited)

All Directors are subject to a Minimum Shareholding Requirement (MSR), as set out in the Remuneration Policy. Any Executive Director who steps down from the Board continues to be subject to a MSR for two years post-employment. Current shareholdings are summarised in the following table:

	Shares held	Options / Awards held					
	Owned Outright	Unvested and subject to performance conditions	Unvested and subject to continued employment[1]	Vested but not exercised	Requirement (% salary/fee)	Shareholding as at 31 December 2021 (% salary/fee)[2,5]	Requirement met[3]
Executive Directors							
David Schwimmer	32,109	125,219	25,598	–	400	315	N/A
Anna Manz[4]	–	43,093	3,892	–	300	20	N/A
Non-Executive Directors							
Don Robert	10,000	–	–	–	100	132	Yes
Jacques Aigrain	1,400	–	–	–	100	88	N/A
Val Rahmani	1,429	–	–	–	100	124	Yes
Kathleen DeRose	1,280	–	–	–	100	81	N/A
Cressida Hogg CBE	1,150	–	–	–	100	53	N/A
Dominic Blakemore	928	–	–	–	100	58	N/A
Martin Brand[6]	–	–	–	–	–	N/A	N/A
Erin Brown[6]	–	–	–	–	–	N/A	N/A
Tsega Gebreyes	1,200	–	–	–	100	104	Yes
Douglas Steenland[6]	–	–	–	–	–	N/A	N/A
Ashok Vaswani	–	–	–	–	100	–	N/A
Directors who stood down from the Board during the Year:							
Stephen O'Connor	3,500	–	–	–	100	162	N/A

1. Refers to Deferred Bonus Plan and SAYE.
2. Includes shares held outright plus, on a 'net of expected taxes' basis, share options awarded under the DBP that are unvested and subject to continued employment.
3. MSR required to be reached within five years of appointment (percentage of base salary) for Executive Directors and within three years (percentage of basic annual fees) for Non-Executive Directors.
4. Has five years from the date of appointment to achieve MSR. Includes an award over 3,762 shares which is subject to performance of a previous employer, Johnson Matthey Plc, as previously disclosed.
5. Based on a share price of £69.30 (being the closing share price – MMQ – on 31 December 2021).
6. Not Applicable for MSR as are not paid a fee for their service.

Note: There have been no further changes in these interests between 31 December 2021 and 3 March 2022.

Directors' Interests in Ordinary Shares – Beneficial, Family and any Connected Persons Interests (Audited)

	Ordinary Shares held		Options with performance conditions[1]		Options without performance conditions[2,3]		Total Interests	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Executive Directors								
David Schwimmer	**32,109**	–	**125,219**	133,961	**25,598**	15,906	**182,926**	149,867
Anna Manz[4]	–	–	**43,093**	15,481	**3,892**	–	**46,985**	15,481
Non-Executive Directors								
Don Robert	**10,000**	10,000	–	–	–	–	**10,000**	10,000
Jacques Aigrain	**1,400**	1,400	–	–	–	–	**1,400**	1,400
Val Rahmani	**1,429**	1,429	–	–	–	–	**1,429**	1,429
Kathleen DeRose	**1,280**	700	–	–	–	–	**1,280**	700
Cressida Hogg CBE	**1,150**	–	–	–	–	–	**1,150**	–
Dominic Blakemore	**928**	928	–	–	–	–	**928**	928
Martin Brand	–	–	–	–	–	–	–	–
Erin Brown	–	–	–	–	–	–	–	–
Tsega Gebreyes	**1,200**		–	–	–	–	**1,200**	–
Douglas Steenland	–	–	–	–	–	–	–	–
Ashok Vaswani	–	–	–	–	–	–	–	–
Directors who stood down from the Board during the Year:								
Stephen O'Connor	**3,500**	550	–	–	–	–	**3,500**	550

1. LTIP performance shares are structured as nil-cost options prior to 2021, since 2021 awards were granted as conditional awards.
2. Unvested awards in the Deferred Bonus Plan and share options granted under SAYE.
3. Deferred Bonus Plan shares are structured as nil-cost options, prior to 2021. Since 2021 awards were granted as conditional awards. All subject to continued employment and malus provisions.
4. Includes an award over 3,762 shares which is subject to performance of a previous employer, Johnson Matthey Plc, as previously disclosed.

Note: There have been no further changes in these interests between 31 December 2021 and 3 March 2022

Long Term Incentive Plan table

The 2014 Long Term Incentive Plan has one element applicable to Executive Directors, which is a 2 year holding period post vesting.

Awards of Performance shares are granted in the form of a condition award since 2021, prior awards were granted as a nil-cost option.

The 2018 and 2019 awards are dependent on Absolute TSR performance for 50 per cent of the award (60% Relative TSR performance for 2020 awards), with the other 50 per cent dependent on an Adjusted EPS growth target (60% for 2020 awards). Details of performance conditions are set out on pages 99 and 100.

The table below sets out the Executive Directors' Long Term Incentive Plan awards (including the exercise of vested shares in FY2021), as at 31 December 2021:

			Number of shares											
	Date of award	**Price at award date £**	**At start of year**	**Award during the year**	**Vested during year**	**Lapsed during year**	**At end of year**	**Vesting date**	**Price at vesting date £**	**Value at vesting date[2] £**	**Exercise date**	**Price at exercise date[2] £**	**Value at exercise date £**	**Comment**
David Schwimmer	08/08/2018	45.39	51,222	–	51,222	–	–	08/08/2021	78.060	3,998,389	10/08/2021	78.6760	4,029,942	FY2021 Actual
	22/03/2019	46.42	50,086	–	–	–	50,086	22/03/2022	**71.075**	**3,559,862**	–	–	–	**FY2022 Estimate**[1]
	22/04/2020	73.50	32,653	–	–	–	32,653	22/04/2023	–	–	–	–	–	–
	26/03/2021	70.62	–	42,480	–	–	42,480	26/03/2024	–	–	–	–	–	
			133,961	42,480	51,222	–	125,219			3,998,389			4,029,942	FY2021 Actual
										3,559,862			–	**FY2022 Estimate**[1]
Anna Manz	24/11/2020	78.84	11,719	–	–	–	–	26/03/2024	–	–	–	–	–	
	26/03/2021	70.62	–	27,612	–	–	27,612	26/03/2024	–	–	–	–	–	
			11,719	27,612	–	–	27,612			–			–	
David Warren	26/04/2018	42.73	35,104	–	35,104	–	–	26/04/2021	76.060	2,670,010	29/04/2021	74.7825	2,625,165	FY2021 Actual
	22/03/2019	46.42	29,620	–	–	–	29,620	22/03/2022	**71.075**	**2,105,242**	–	–	–	**FY2022 Estimate**[1]
			64,724	–	35,104	–	29,620	–	–	2,670,010	–	–	2,625,165	FY2021 Actual
										2,105,242	–	–	–	**FY2022 Estimate**[1]
Raffaele Jerusalmi	26/04/2018	42.73	29,545	–	29,545	–	–	26/04/2021	76.060	2,247,193	30/04/2021	74.0673	2,188,318	FY2021 Actual
	22/03/2019	46.42	24,147	–	14,506	9,641	–	29/04/2021	74.680	1,083,308	26/05/2021	75.6550	1,097,451	FY2021 Actual
	22/04/2020	73.50	12,716	–	848	11,868	–	29/04/2021	74.680	63,329	26/05/2021	75.6550	64,155	FY2021 Actual
			66,408	–	44,899	21,509	–	–	–	**3,393,829**	–	–	3,349,925	FY2021 Actual

Notes:
1. FY2022 Estimate: Average share price over the period from 1 October 2021 to 31 December 2021 with vesting forecast at 100 per cent.
2. Closing price on vesting date: £78.06 (Mon 9th August 2021); price achieved was: £78.676.

All estimates are shown separately in bold. They will be fully disclosed in next year's Annual Report on Remuneration.

Remuneration Committee – Governance

During the financial period ending 31 December 2021, the Committee held 4 scheduled meetings. Here is a summary of the items they discussed:

	Routine	Non-Routine
March 2021	• FY2020 Performance and Bonus approval • FY2021 LTIP grants and anticipated vesting of previous LTIP and DBP schemes • Performance and determination of CEO and Group Executives' remuneration • FY2020 Directors' Remuneration Report • Gender pay reporting and disclosure • LCH Remuneration Committee proposals	• M&A activity (Refinitiv)
June 2021	• FY2021 Performance and Bonus update • FY2021 LTIP grants and anticipated vesting of previous LTIP and DBP schemes • Governance update, including FY2020 Directors' Remuneration Report – Shareholder feedback • Regulatory update • LCH Remuneration Committee updates • FY2021 Remuneration Committee calendar	• Succession planning
October 2021	• FY2021 Performance and Bonus update • Impact of the Refinitiv transaction on AEPS target ranges for in-flight LTIP awards • LCH Remuneration Committee updates	
December 2021	• FY2021 Directors' Remuneration Report key themes • FY2021 Performance and Bonus update • FY2022 Bonus considerations • FY2022 LTIP grants and anticipated vesting of previous LTIP and DBP schemes • Performance and determination of CEO and Group Executives' remuneration	
February 2022 **Meetings which took place during FY2022 will be repeated in next year's report**	• FY2021 Performance and Bonus approval • FY2022 LTIP grants and anticipated vesting of previous LTIP and DBP schemes • FY2021 Directors' Remuneration Report • Gender pay reporting and disclosure • LCH Remuneration Committee proposals	

To assist the Committee, the results of market surveys are made available. Where appropriate, the Committee invites the views of the Chief Executive Officer, Chief Financial Officer, Chief People Officer and the Chief Risk Officer via the Risk Committee. None of these individuals nor the Chairman participated in any discussion relating to their own remuneration.

Statement of shareholder voting

The table below sets out the results of the advisory vote on the Directors' Remuneration Report at the 2021 AGM and the binding vote on the Remuneration Policy Report at the 2020 AGM.

	Votes for		Votes against		Votes cast	Votes withheld
	Number	%	Number	%		
Remuneration Policy Report (2020 AGM)	280,907,965	97.78	6,384,799	2.22	287,292,764	19,354
Annual Report on Remuneration (2021 AGM)	334,721,864	76.48	102,929,835	23.52	437,651,699	7,201,800

Advisors

The Remuneration Committee continues to be mindful of recommendations from key stakeholders, including institutional investor bodies. The Committee consults with major shareholders on any key decisions taken.

During the year, Willis Towers Watson received £116,245 (excluding VAT) based on actual time spent for their services to the Committee. In addition, Willis Towers Watson received £127,924 (excluding VAT) for their services to the Committee and £52,400 (excluding VAT) for advice related to the integration transaction with Refinitiv.

Willis Towers Watson are members of the Remuneration Consultants Group and, as such, voluntarily operate under the code of conduct in relation to executive remuneration consulting in the UK. The Committee is satisfied that their advice was independent and objective.

Signed on behalf of the Board of Directors

Cressida Hogg
Chair of the Remuneration Committee
2 March 2022

Directors' Report

The Directors of the Company are pleased to present their Annual Report to shareholders, together with the financial statements for the year ended 31 December 2021 with comparatives for the year ended 31 December 2020.

This report has been prepared in accordance with requirements outlined within The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and forms part of the management report as required under Disclosure Guidance and Transparency Rule ('DTR') 4. This section, together with the Strategic Report and other sections of the Annual Report as set out in the table below, fulfils the requirements of the Directors' report.

Index to Directors' report and other disclosures

Information required to be disclosed by LR 9.8.4 R (starting on the page indicated)

Listing Rule 9.8.4 R cross-reference table

Interest capitalised	N/A
Publication of unaudited financial information	N/A
Details of long-term incentive schemes	N/A
Waiver of emoluments by a director	N/A
Waiver of future emoluments by a director	N/A
Non pre-emptive issues of equity for cash	N/A
Item 7 (in relation to major subsidiary undertakings)	N/A
Parent participation in a placing by a listed subsidiary	N/A
Contracts of significance	111
Provision of services by a controlling shareholder	N/A
Shareholder waivers of dividends	109
Shareholder waivers of future dividends	109
Agreements with controlling shareholders	N/A

Strategic Report

The Strategic Report (pages 2 to 65) was approved by the Board on 2 March 2022 and is incorporated into this Directors' report by reference.

Results

The Group made a profit before taxation from continuing operations, before amortisation of purchased intangible assets and non-underlying items for the year, of £2,218 million (2020: £832 million). After taking into account amortisation of purchased intangible assets and non-underlying items, the profit of the Group before taxation for the year from continuing operations was £987 million (2020: £492 million). Profit after taxation from continuing operations for the year was £660 million (2020: £354 million).

Dividends

The Directors are recommending a final dividend for the year of 70.0 pence (2020: 51.7 pence) per share which is expected to be paid on 25 May 2022 to shareholders on the register on 29 April 2022. Together with the interim dividend of 25.0 pence (2020: 23.3 pence) per share paid in September 2021, this produces a total dividend for the period of 95.0 pence (2020: 75.0 pence) per share estimated to amount to £529 million (2020: £369 million). The Group maintains a progressive dividend policy, with the interim dividend being calculated as one-third of the prior full year dividend.

A standard dividend waiver agreement is in place for the employee benefit trusts. Further information can be found in the share capital notes on page 189.

Share capital

As at 31 December 2021, the Company had 557,360,850 ordinary shares made up of: (i) 506,236,473 voting ordinary shares of $6^{79/86}$ pence each, which carry one vote each; and (ii) 51,124,377 limited-voting ordinary shares of $6^{79/86}$ pence each, which carry one-tenth of a vote each. The total number of voting rights in LSEG on 31 December 2021 was 511,348,911. More information on the Company's share capital can be found in note 30 on page 189.

During the year to 31 December 2021, the Company issued 205,773,758 new ordinary shares, which is comprised of both ordinary shares and limited voting ordinary shares.

As at 2 March 2022, the total number of voting rights in the company is 511,348,911. The figure 511,348,911 may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the Company under the FCA's Disclosure Guidance and Transparency Rules.

Share rights

The rights and obligations attached to the Company's ordinary shares are set out in the Company's Articles of Association, copies of which can be obtained from Companies House in the UK or by writing to the Group Company Secretary. The rights and obligations attached to the limited-voting ordinary shares issued in connection with the acquisition of Refinitiv on 29 January 2021 are available on the LSEG website and in the Articles of Association.

No shareholder shall be entitled to vote at a general meeting, either in person or by proxy, in respect of any share held by him or her unless all monies presently payable by him or her in respect of that share have been paid. In addition, no shareholder shall be entitled to vote, either in person or by proxy, if he or she has been served with a notice under section 793 of the Companies Act 2006 (concerning interests in those shares) and has failed to supply the Company with the requisite information.

Other than restrictions considered to be standard for a UK listed company (for example, restrictions on partly paid certificated shares), there are no limitations on the holding, transfer or voting rights of ordinary shares in the Company, all of which are governed and regulated by the Company's Articles of Association and applicable legislation and regulation.

As a result of the Company's acquisition of Refinitiv having completed, the Relationship Agreement is now in effect. Further information on the Relationship Agreement can be found on the LSEG website.

The Company is not aware of any other agreements between holders of shares that may result in restrictions on the transfer of shares or on voting rights.

Corporate Governance Statement

The Company's Corporate Governance Report and the reports of the Audit, Nomination and Risk Committees set out on pages 67 to 89 are, together with Board engagement with stakeholders on pages 61 to 63, Section 172(1) Statement on pages 64 to 65 and the information on share rights set out above, incorporated into this Directors' Report by reference.

Articles of Association

The Company's Articles of Association may only be amended by special resolution at a general meeting of the shareholders. The Company's Articles of Association contain provisions relating to the appointment and removal of Directors. The Articles of Association are available on the Company's website and can also be obtained from Companies House in the UK.

More information on the Board Appointment process can be found in the Report of the Nomination Committee on pages 81 to 82 of this report.

Authority to Issue Shares

Subject to the provisions of the Companies Act 2006 and without prejudice to any rights attached to any existing shares or class of shares, any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine or, subject to and in default of such determination, as the Board shall determine.

Authority to Purchase Shares

The authority for the Company to purchase in the market up to 55,581,306 of its ordinary shares (representing 10% of the issued share capital of the Company as at the latest practicable date before publication of the Notice of the Company's last AGM) granted at the Company's last AGM, expires on the date of the forthcoming AGM. Shareholders will be asked to give a similar authority to purchase shares at the forthcoming AGM.

Authority to Allot Shares

The authority conferred on the Directors at last year's AGM to allot shares in the Company up to a maximum nominal amount of £12,818,169 (representing 33.3% of the issued share capital of the Company (excluding treasury shares) as at the latest practicable date before publication of the Notice of the Company's last AGM) or, in connection with a pre-emptive offer to existing shareholders by way of a rights issue, up to a maximum nominal amount of £25,636,339 (representing 66.6% of the issued share capital of the Company (excluding treasury shares) as at the latest practicable date before publication of the Notice of the Company's last AGM), expires on the date of the forthcoming AGM. Shareholders will be asked to give a similar authority to allot shares at the forthcoming AGM.

Directors' interests

Directors' interests in the shares of the Company as at 31 December 2021, according to the register maintained under the Companies Act 2006, are set out in the Directors' Remuneration Report on pages 105 to 106. No company in the Group was, during or at the end of the year, party to any contract of significance in which any Director was materially interested. It is noted for completeness that on 6 December 2021, LSEG announced that it had agreed to acquire Quantile Group Ltd ("Quantile") and that Stephen O'Connor is Chairman and a minority shareholder in Quantile. Until 6 August 2021, Stephen was the Senior Independent Director of LSEG and remains a director of LSEG's subsidiary, London Stock Exchange plc.

Directors' indemnity

Details of qualifying third-party indemnity provisions (as defined by section 234 of the Companies Act 2006) in force during the course of the year ended 31 December 2021 can be found on page 76. Such qualifying third-party indemnity provisions remain in force as at the date of approving this Directors' Report.

Employees

Information on the Company's employees including the Company's approach to human rights and diversity; how the Company has supported employees through the Covid-19 pandemic; the outcomes relating to the Company's employee engagement survey and further examples of employee engagement can be found in the Enabling sustainable growth on page 24 and page 62. Information on the Group's share schemes is provided in the Directors' Remuneration Report on pages 90 to 108. The Company provides an induction programme for new employees, including training employees on health and safety and a range of development programmes for all employees to develop their skills and knowledge.

The Group welcomes and gives full and fair consideration to applications for employment from persons with a disability (both physical and non-physical). Our focus is on providing the right tools to support both current and future employees to be the most successful in the workplace. The Group encourages and assists employees who have a disability with training, career development and promotion opportunities, and where existing employees become disabled, our policy is to provide continuing employment and training wherever possible. Where changes to working practices or structure affect staff, staff are consulted and given the appropriate assistance.

LSEG is a Valuable 500 Iconic Leader and as such has made a pledge to ensure the following:

- driving towards removing bias related to disability hiring and providing the necessary tools to succeed
- ensure hiring and on-boarding practices are inclusive
- ensuring the availability of sub-titles for all videos we publish
- creating inclusive offices and infrastructure across all our locations, relying on consistent guidelines
- having company-wide leadership pledge and commitment to support disability
- improving physical accessibility for existing locations

LSEG'S Accessibility's network is committed to ensure that we create a safe and inclusive environment for our people and continues to work with the Group to ensure our commitments are well implemented across all areas of the Group.

All employees are provided with information on matters of concern to them in their work, through regular briefing meetings and internal publications. To inform employees of the economic and financial factors affecting our business, regular updates are posted on our intranet and engagement events are hosted, such as townhall style meetings with members of our Executive Committee, providing a briefing on specific areas of the business.

Sustainability

As a Group, we recognise that we must use resources in ways that deliver long-term sustainability and profitability for the business and have regard for impact on the environment. We also take such factors into account in developing our products and services.

The Group's primary environmental impact arises from our data centres, our offices that host approximately 23,000 employees around the world, from staff travel and, indirectly, from our supply chain. We are aware of the risks and opportunities for our business arising from climate change and have developed measures to address them. We will actively monitor these changes so that we can adapt and respond as necessary.

Further details of our approach to environmental management, our targets and progress on environmental matters as well as methodology and verification can be found in Enabling sustainable growth on pages 27 and 28.

Research and Development

LSEG undertakes research and development activities to increase the speed and agility of product innovation across divisions including assessment of opportunities and risks arising from emerging technologies throughout the financial technology sector; working with regulators, industry consortiums and specialist technology firms in areas such as machine learning, natural language processing, high performance computing, distributed ledger technology and big data. With significant expertise in the fields of customer experience design, data science, emerging technologies and cloud engineering, LSEG Labs is a proven research and development function within LSEG, capable of deploying new technologies to meet the emerging needs of our partners and customers.

Political Donations

During the year the Group did not make any political donations to EU or non-EU organisations or incur any political expenditure.

It remains the Company's policy not to make political donations or to incur political expenditure; however, the application of the relevant provisions of the Companies Act 2006 is potentially very broad in nature and, like last year, the Board is seeking shareholder authority to ensure that the Group does not inadvertently breach these provisions as a result of the breadth of its business activities, although the Board has no intention of using this authority. As with previous years the Board is proposing that shareholders pass a resolution at the forthcoming AGM to authorise the Group to:

- make political donations to political parties and independent election candidates not exceeding £100,000 in total
- make political donations to political organisations other than political parties not exceeding £100,000 in total
- incur political expenditure not exceeding £100,000 in total, provided that in any event the aggregate amount of any such donations and expenditure made or incurred by the Group shall not exceed £100,000

Notwithstanding the Company's policy not to make political donations, we recognise the rights of our employees to participate in the political process. Their rights to do so are governed by the applicable laws in the countries in which we operate. For example, in the US under the Federal Election Campaign Act, US employees can establish non-partisan political action committees known as 'PACs' that encourage voluntary employee participation in the political process. PACs are a common feature of the US political system and operate independently of any political party or candidate.

LSEG US Holdco, Inc. operates a PAC for US employees. Consistent with US law, LSEG US Holdco, Inc. pays for the PAC's administrative expenses; providing such support is not considered to be a political donation or expenditure under US law. In accordance with the applicable law the PAC is funded entirely by voluntary contributions from eligible employees. All decisions on the amounts and recipients of contributions are directed by a steering committee comprising employees eligible to contribute to the PAC.

During the year, a total of US$2,000 was donated to political organisations by the LSEG US Holdco, Inc. employee operated PAC. All LSEG US Holdco, Inc contributions are reviewed for legal compliance and will be publicly reported in accordance with US election laws.

Significant agreements

The following are significant agreements as at 31 December 2021 to which the Company is a party that take effect, alter or terminate upon a change of control of the Company following a takeover bid:

- **Relationship Agreement**
  The Company is party to a Relationship Agreement with York Parent Limited (which is owned by Thomson Reuters Corporation and a consortium of certain investment funds managed by Blackstone Group Inc.), York Holdings II Limited, York Holdings III Limited (each of which are wholly-owned subsidiaries of York Parent Limited) and BCP York Holdings (Delaware) L.P. (which is a holding vehicle for the consortium of investment funds managed

by Blackstone Group Inc.). The Relationship Agreement governs the relationship between the parties following completion of the Refinitiv acquisition, including the shareholders' rights to nominate directors for appointment to the LSEG Board. The Relationship Agreement would terminate in the event of a change of control of LSEG that resulted in the shareholders ceasing to hold, in aggregate, 10% or more of the LSEG shares. Further information on the Relationship Agreement can be found at pages 65-70 of the shareholder prospectus dated 9 December 2020 and available on the LSEG website www.lseg.com/investor-relations.

- **Thomson Reuters News Agreement**
  Certain Refinitiv subsidiaries are party to an agreement with Reuters News dated 1 October 2018, under which Reuters News provides Refinitiv, for a 30-year term, with various categories of general news and financial content, alongside certain accompanying intellectual property licence agreements in relation to the provision of such content (the Thomson Reuters News Agreement). The Thomson Reuters News Agreement includes a provision requiring Refinitiv to obtain consent to assign the agreement pursuant to a change in control in certain circumstances, a breach of which could potentially lead to a termination of the agreement.

- **Facility Agreements**
  - **Amended 2017 Revolving Credit Facility Agreement**
    On 29 January 2021, at the time of the Refinitiv acquisition, the amended and restated £1.425 billion syndicated, committed, revolving facility agreement (dated 16 December 2020) came into effect (the Amended 2017 Facility). The facility provides flexible financing capacity for the general corporate purposes of the Group and includes £1.35 billion as backstop support for commercial paper issuances.

  - **2020 Credit Facility Agreement**
    The Company has entered into a syndicated, committed US$2 billion and €500 million term and £1.075 billion revolving facilities agreement dated 16 December 2020 (the 2020 Facility), effective upon the completion of the Refinitiv acquisition. US$1.660 billion and €150 million of the term loans remain outstanding. The revolving facility offers the Group additional flexible financing and is available for the general corporate purposes of the Group.

  - **Terms of Facility Agreements**
    The terms of the Amended 2017 Facility and the 2020 Facility are appropriate for an investment grade borrower and each include change of control provisions which, if triggered, allow the relevant facility agent, upon instructions from the majority lenders, to cancel the facility and declare all outstanding loans under the relevant agreement, together with accrued interest and all other amounts accrued, due and payable.

    As a result of the market shift away from LIBOR rates, these facilities have transitioned from sterling and US dollar LIBOR reference rates to SONIA and SOFR rates respectively (including an appropriate credit adjustment spread) where applicable.

- **Notes**
  - **Euro Medium-Term Notes**
    The Company has issued to the wholesale fixed income market under its Euro Medium Term Notes Programme (the value of which is £2.5 billion), three €500 million tranches of euro notes due in 2024, 2027 and 2029. The notes contain a 'redemption upon change of control' provision which, if triggered by the combination of a change of control and, within 120 days thereafter, a credit rating downgrade to non-investment grade, allows note holders to exercise their option to require the Company to redeem the notes and pay any accrued and unpaid interest due.

  - **Global Medium-Term Notes**
    The Company, together with its subsidiaries LSEG Netherlands B.V. and LSEGA Financing plc, has issued to the wholesale fixed income market under its Global Medium Term Notes Programme (the value of which is £10 billion) £500 million of GBP notes due in 2030, three €500 million tranches of euro notes due in 2025, 2028 and 2033, $500m of USD notes due in 2024, two $1 billion tranches of USD notes due in 2026 and 2028, $1.25 billion of USD notes due in 2031 and $750 million of USD notes due in 2041. The notes contain a 'redemption upon change of control' provision which, if triggered by the combination of a change of control and, within 120 days thereafter, a credit rating downgrade to non-investment grade, allows note holders to exercise their option to require the Company and/or its subsidiaries to redeem the notes and pay any accrued and unpaid interest due.

    The Company issues commercial paper to the debt capital markets from time to time under its £1 billion Euro Commercial Paper Programme. The programme provides flexible financing capacity for the general corporate purposes of the Group and is backstopped by £1.350 billion of the Amended 2017 Facility. There were no issuances under this programme at 31 December 2021.

Employee Share Plans
The rules of the Company's employee share plans set out the consequences of a change of control of the Company on employees' rights under the plans. Generally, such rights will vest on a change of control and participants will become entitled to acquire shares in the Company (although in certain circumstances the Remuneration Committee has the discretion to defer vesting and to require rights to be exchanged for equivalent rights over the acquiring company's shares).

Events since the financial year-end
For further information on events since the reporting date, please see note 33 on page 193.

Employee Benefit Trust
As at 31 December 2021, the trustee of the London Stock Exchange Employee Benefit Trust, which is an independent trustee, held 566,034 shares under the terms of the trust for the benefit of employees and former employees of the Company and its subsidiaries. The trust is a discretionary trust, and the shares are held to meet employees' entitlements under the Company's share plans. Employees have no voting rights in relation to the unencumbered shares while they are held in trust. The trustee has full discretion to exercise the voting rights attached to the unencumbered shares or to abstain from voting. Shares acquired by employees through the Company's employee share plans rank equally with the ordinary shares in issue and have no special rights.

Branches outside the UK
Certain of the Company's subsidiaries have established branches in a number of different countries in which they operate.

Financial Risk Management

The use of financial instruments by the Group and the Group's Financial Risk Management have been specifically considered by the Directors, and relevant disclosures appear in Principal Risks and Uncertainties, on pages 50 to 59 of this Annual Report, and in the Notes to the Financial Statements, on pages 133 to 206 of this Annual Report, and in each case are incorporated by reference into this Directors' Report.

Directors' statement as to disclosure of information to auditors

In accordance with Section 418(2) of the Companies Act 2006, the Directors confirm, in the case of each Director in office at the date the Directors' Report is approved as listed on pages 69 to 71, that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- They have taken all the steps that they ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Future developments

The Group's likely future developments can be found in the Market trends and our response section of the Annual Report (pages 18 to 19).

Auditors

A resolution to reappoint EY LLP as the Company's auditors will be proposed at the AGM.

By Order of the Board

Lisa Condron
Group Company Secretary
2 March 2022

Further information

Stress testing capabilities are detailed in Note 2 on pages 135 to 140.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. The Directors have prepared the Group and Company financial statements in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the Group and the Company and of the profit or loss for that year.

In preparing those financial statements, the Directors are required to:

- Select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- Make judgements and estimates that are reasonable
- Provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and the Company's financial position and financial performance
- In respect of the Group financial statements, state whether UK-adopted international accounting standards conforms with the Companies Act 2006 and have been followed, subject to any material departures disclosed and explained in the financial statements
- In respect of the parent Company financial statements, state whether UK-adopted international accounting standards conforms with the Companies Act 2006, have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group and the Company will continue in business

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006, other applicable laws and regulations, including the requirements of the Listing Rules and the Disclosure Guidance and Transparency Rules, and, as regards the Group financial statements. The Directors are also responsible for safeguarding the assets of the Company and the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Overview and Strategic Report sections of the Annual Report on pages 2 to 65.

In particular, the current economic conditions continue to pose a number of risks and uncertainties for the Group and these are set out in Principal Risks and Uncertainties on pages 50 to 59.

The Financial Risk Management objectives and policies of the Group and the exposure of the Group to capital risk, credit risk, market risk and liquidity risk are discussed on pages 135 to 140. The Group continues to meet Group and individual entity capital requirements and day-to-day liquidity needs through the Group's cash resources and available credit facilities.

The combined total of committed facilities and bonds issued at 31 December 2021 was £10,206 million (2020: £2,853 million).

The Directors have reviewed the Group's forecasts and projections, taking into account reasonably possible changes in trading performance, which show that the Group has sufficient financial resources. On the basis of this review, and after making due enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. The Group's business activities, together with the factors likely to affect its future development, performance and position and its objectives and policies in managing the financial risks to which it is exposed, and its capital are set out in the Strategic Report on pages 2 to 65.

Each of the Directors, whose names and functions are set out on pages 69 to 71 of this Annual Report confirms that, to the best of their knowledge and belief:

- The Group and the Company financial statements, which have been prepared in accordance with IFRSs in conformity with the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the Group taken as a whole
- The report of the Directors contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Company and the Group taken as a whole, together with a description of the principal risks and uncertainties that they face
- They consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and the Company's performance, business model and strategy

By Order of the Board

Lisa Condron
Group Company Secretary
2 March 2022

Financial Statements

This section of the report presents the Group's statutory financial results for the 2021 year.

It includes the independent auditor's report, our significant accounting judgements and estimates, and details of the main items impacting our financial performance in the year.

IN THIS SECTION

Independent Auditor's Report to the members of London Stock Exchange Group plc

We have audited the financial statements of London Stock Exchange Group plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 December 2021. In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards as applied in accordance with section 408 of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

The financial statements comprise:

Group	Parent company
Consolidated balance sheet as at 31 December 2021	Balance sheet as at 31 December 2021
Consolidated income statement for the year then ended	Statement of changes in equity for the year then ended
Consolidated statement of comprehensive income for the year then ended	Statement of cash flows for the year then ended
Consolidated statement of changes in equity for the year then ended	Related notes 1 to 34 to the financial statements including a summary of significant accounting policies
Consolidated statement of cash flows for the year then ended	
Related notes 1 to 34 to the financial statements, including a summary of significant accounting policies	
Tables within the Directors' Remuneration Report identified as 'audited' on pages 95 to 106.	

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted International Accounting Standards and as regards the Parent Company financial statements, as applied in accordance with section 408 of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting the audit.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group and Parent Company's ability to continue to adopt the going concern basis of accounting for a period of twelve months from the date of signing the financial statements included:

- Obtaining an understanding of the directors' use of the going concern basis of preparation. This included reviewing their going concern assessment and associated underlying forecasts and assumptions and performing inquiries of management and those charged with governance;
- Assessing the appropriateness of key assumptions made in the Group's business plan, together with our valuations specialists, by comparing them to historical performance and challenging the achievability of budgeted growth. In assessing the reasonableness of these key assumptions, we considered the planned cost and revenue synergies resulting from the integration of the Refinitiv business into the Group, the trading environment, principal risks and appropriate mitigating factors. We performed back-testing by comparing the budget of prior periods to actual results to assess the historical accuracy of the forecasting process;
- Testing the clerical accuracy of the going concern model including the data used in stress testing;
- Evaluating the reasonableness of adverse forecasts by benchmarking the stress testing scenario assumptions against external data;
- Evaluating the plausibility of management actions available to mitigate the impact of the reverse stress test by comparing them to our understanding of the Group including the ability to refinance debt;
- Evaluating the level of liquidity of the Group to support ongoing requirements for a period of 12 months from the date of signing the financial statements; and
- Assessing the appropriateness of the going concern disclosures by evaluating the consistency with the going concern assessment and for compliance with the relevant reporting requirements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Parent Company's ability to continue as a going concern for a period of twelve months from when the financial statements are authorised for issue.

In relation to the Group and Parent Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Overview of our audit approach

Audit scope	• We performed an audit of the complete financial information of twelve components and audit procedures on specific balances for a further 27 components • The components where we performed full or specific audit procedures accounted for 82% of adjusted absolute pre-tax profit, 84% of Revenue and 99% of Total assets • A component is defined as an entity for which management prepares component financial information that is included in the group financial statements
Key audit matters	• Risk that the Refinitiv Parent Limited ('Refinitiv') acquisition is accounted for and disclosed incorrectly • Risk of fraud in the recognition of revenue in secondary capital markets trading fees, FTSE Russell revenue accruals and Refinitiv subscription revenue within the Data and Analytics ("D&A") business • Risk that the impairment of goodwill and purchased intangible assets ("PIA") is inaccurate or incomplete • Risk that the disposal of the Borsa Italiana group is accounted for and disclosed incorrectly • Risk that expenses related to internally developed software are capitalised inappropriately, or that internally developed software is impaired
Materiality	• Overall Group materiality of £68m which represents 5% of adjusted pre-tax profit from continuing operations, calculated by adjusting for certain non-underlying items relating to impairment of property, plant and equipment of £22m, impairment of intangible assets of £13m, transactions costs of £114m and integration costs of £224m

An overview of the scope of the parent company and Group audits

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each component within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of Group-wide controls, changes in the business environment and other factors such as recent Internal audit results when assessing the level of work to be performed at each component.

In assessing the risk of material misstatement to the Group financial statements and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 320 reporting components (2020: 108 reporting components) of the Group, we selected 39 components covering entities within the following countries which represent the principal business divisions within the Group: Australia, Canada, France, Germany, Hong Kong, India, Italy, Japan, Netherlands, Sri Lanka,Switzerland, United Arab Emirates, United Kingdom and United States of America. From these countries there were 32 components which were centrally audited by EY London, with the support of EY India where applicable: Australia, Canada, France, Germany, Hong Kong, Italy, India, Japan, Netherlands, Switzerland, United Arab Emirates, China, Taiwan, Africa, India, United States of America and United Kingdom.

Of the 39 components selected (2020: 15 components), we performed an audit of the complete financial information of 12 components ("full scope components", 2020: seven components) which were selected based on their size or risk characteristics. For the remaining 27 components ("specific scope components", 2020: eight components), we performed audit procedures on specific accounts within that component which we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

Scope	Procedures performed by	Number of components
Full	Primary audit team	6
Full	Component teams	6
Specific	Primary audit team	26
Specific	Component teams	1
Total		**39**

The primary audit team is defined as the EY London audit team responsible for issuing the opinion on the group financial statements and coordinating the group audit. The component team is defined as an audit team, who, at the request of the primary audit team, performs work on the financial information related to a component for the group audit.

Details of the seven components, which comprise of six full scope and one specific scope, and were audited by component teams are set out below:

Component	Headquartered location	Scope	Auditor
London Stock Exchange Group Holdings Italy S.p.A.**	Milan	Full	EY Milan
LSEG US Holdco Inc.*	United States of America	Full	EY New York
Refinitiv US LLC	United States of America	Full	EY New York
Refinitiv US Organization LLC	United States of America	Full	EY New York
Tradeweb Markets Inc	United States of America	Full	Deloitte
LCH S.A.	France	Full	EY France
Millennium Information Technologies (Private) Limited	Sri Lanka	Specific	EY Sri Lanka

* Some specific accounts within LSEG US Holdco Inc. were audited by the primary audit team.
** Relating to the pre-disposal component financial information for the period ended 29 April 2021.

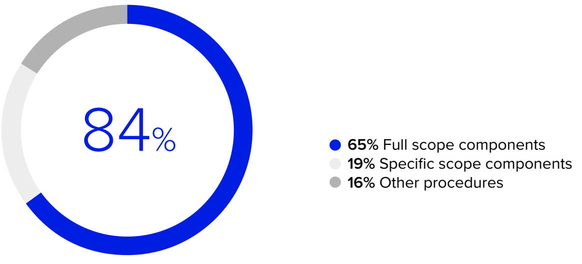
The reporting components where we performed audit procedures accounted for 82% (2020: 91%) of the Group's adjusted absolute pre-tax profit, 84% (2020: 96%) of the Group's Revenue and 99% (2020: 100%) of the Group's Total assets.

For the current year, the full scope components contributed 58% (2020: 75%) of the Group's adjusted absolute pre-tax profit, 65% (2020: 95%) of the Group's Revenue and 99% (2020: 100%) of the Group's Total assets. The specific scope components contributed 24% (2020: 16%) of the Group's adjusted pre-tax profit, 19% (2020: 1%) of the Group's Revenue and 0.4% (2020: 1%) of the Group's Total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group.

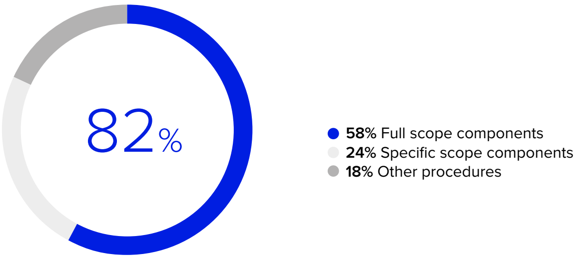
Of the remaining 281 components that together represent 18% of the Group's adjusted absolute pre-tax profit, none are individually greater than 1% of the Group's pre-tax profit. For these components, we performed other procedures, including analytical reviews, testing of group entity level controls, testing of consolidation journals and intercompany eliminations, inquiry with local component teams and risk assessment procedures based on the outcome of internal audit reports and of prior year local statutory audits, to respond to any potential risks of material misstatement to the Group financial statements.

The charts below illustrate the coverage obtained from the work performed by our audit teams.

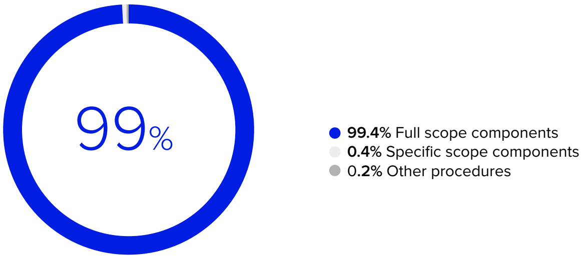
Revenue



Adjusted absolute pre-tax profit



Total assets



Changes from the prior year

There has been an increase in the number of in scope components for the group audit as a result of the Refinitiv acquisition, as described in the key audit matters table below. There are an additional five full scope components and 22 specific scope components, when compared to the prior year.

Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other Ernst & Young Global Limited network firms and Deloitte & Touche LLP, New York, USA operating under our instruction. Of the twelve full scope components and 27 specific scope components, audit procedures were performed on six full scope components and 26 specific scope components directly by the primary audit team. For the six full scope and one specific scope component where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

Physical site visits were undertaken by the Senior Statutory Auditor and/or other senior members of the primary audit team during the current year's audit cycle to the component teams in United States of America and Sri Lanka, with virtual site visits to France, Italy and India due to travel restrictions as a result of COVID-19. The site visits to both the United States of America and India included meeting members of management of the Refinitiv business in response to the acquisition during the year. Prior to the easing of travel restrictions, virtual meetings were also undertaken via video call. These physical and virtual site visits involved discussing and challenging the audit approach with the component team and any findings arising from their work, meeting with local management, attending planning and closing meetings and reviewing relevant audit working papers on risk areas, through direct access or through the use of shared screen functionality. The primary audit team interacted regularly with the component teams during various stages of the audit and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements and ensured that the Senior Statutory Auditor exercised appropriate oversight of the principal locations of the Group.

Climate change

There has been increasing interest from stakeholders as to how climate change will impact LSEG. The Group has determined that the most significant future impacts from climate change will be from physical risk to operations and the opportunities and risks associated with market shifts in the transition to a net zero economy. These are explained on pages 29-30 in the required Task Force for Climate related Financial Disclosures and on pages 50-59 in the principal risks and uncertainties, which form part of the "Other information", rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

As explained in note 1, Basis of preparation on page 134, climate risks have been considered in the preparation of the consolidated financial statements where management consider it appropriate. The principal areas of consideration by management include the valuation of assets and liabilities.

Our audit effort in considering climate change was focused on ensuring that the effects of emerging climate risks disclosed on page 59 have been appropriately reflected by management in reaching their judgments in relation the valuation of assets and liabilities. We also challenged the Directors' considerations of climate change in their assessment of going concern and viability and associated disclosures.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Risk that the Refinitiv Parent Limited ('Refinitiv') acquisition is accounted for or disclosed incorrectly *Fair value of consideration transferred: £16,971m* *Non-controlling interest: £1,442m* *Fair value of net assets acquired: £1,971m* *Resulting goodwill: £16,442m* On 29 January 2021, the Group completed the acquisition of Refinitiv Parent Limited ("Refinitiv"). The acquired business, including all its controlled subsidiaries is consolidated into the Group's results from the date of acquisition. There is a significant risk of inappropriate accounting for the acquisition in accordance with IFRS 3 'Business Combinations', including alignment to LSEG accounting policies, and the related disclosures due to significant judgments required in the determination of the fair value of consideration transferred, the fair value of net assets acquired, non-controlling interest and the resulting goodwill. Refer to the Report of the Audit Committee (page 84); Accounting policies (page 134); and Note 3 of the Financial Statements (pages 141 to 144). This is a new risk in the current year.	• We confirmed our understanding of the business combination accounting process and held discussions with management to understand the governance structure and oversight of the accounting for the transaction. • Together with EY technical accounting specialists, we reviewed management's assessment of Refinitiv's accounting policies and the impact of the differences with the Group's accounting policies on the acquisition balance sheet. • We verified the completeness and accuracy of the carrying value of acquired net assets by performing an audit of the significant balance sheet accounts as at the acquisition date. Our audit procedures per each significant balance sheet account included testing of material transactions and representative samples by obtaining supporting contracts, invoices and other relevant documents supporting period and basis of measurement. • Together with EY technical accounting specialists, we reviewed the business combination accounting papers and assessed whether they are in accordance with IFRS 3 'Business Combinations'. • We involved EY valuation specialists to assess the appropriateness of valuation methodologies used to determine the fair value of consideration and evaluate reasonableness of fair value of consideration transferred. • Together with EY valuation specialists, we evaluated the appropriateness of the management specialist's methodology applied to allocate the consideration transferred to net assets acquired, including the fair values of identifiable assets and liabilities assumed, the non-controlling interests and resulting goodwill at acquisition date. • We assessed the appropriateness of intangible assets valuation models, tested the accuracy and completeness of the key inputs used and the reasonableness of the key assumptions including discount rates, royalty rates, attrition rates, contributory asset charge rates, long-term growth rates and cash flow forecasts. • We developed independent valuation ranges for consideration transferred, the non-controlling interests and net assets acquired and have evaluated management's valuation results against these ranges. • We assessed the adequacy of the business combination disclosure made in the financial statements.	We concluded that the fair value of consideration transferred, the fair value of net assets acquired, non-controlling interest and the resulting goodwill are reasonable and fall within our independently developed range. We are satisfied that the Refinitiv acquisition and the related disclosures are reasonable and are in accordance with IFRS 3 'Business Combinations'.

<table>
<tr><th>Risk</th><th>Our response to the risk</th><th>Key observations communicated to the Audit Committee</th></tr>
<tr><td>

Risk of fraud in the recognition of revenue in secondary capital markets trading fees, FTSE Russell revenue accruals and Refinitiv subscription revenue within the Data and Analytics ("D&A") business.

Compensation tied to the performance of the entity may create an incentive for management to manipulate results and this is therefore considered to be a fraud risk.

We have determined this to be a key audit matter having identified three revenue streams with heightened risk of misstatement through management override of controls:

- Secondary capital markets revenue (for certain business lines) involves multiple pricing structures based on product types, customer activity and volumes, resulting an inherently higher level of complexity.
- FTSE Russell revenue accruals (presented within fees receivable) require estimation, for instance based on prior billings or preliminary usage which may give rise to an incorrect revenue recognition.
- Significant Refinitiv subscription revenue contracts with customers within the D&A business have non-standard terms which give rise to a higher inherent risk and greater likelihood of incorrect revenue recognition.

As a consequence, there is a greater risk of misstatement in these balances, either by fraud or error, including through the potential override of controls by management.

Refer to the Report of the Audit Committee (page 84); Accounting policies (page 148); and Note 6 of the Financial Statements (pages 148 to 151).

There have been no changes to the risk in the current year as it relates to revenue in secondary capital markets and trading and Information Services revenue accruals within the FTSE Russel business. The Refinitiv subscription revenue within the D&A business is a new risk this year.

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- We confirmed our understanding of the processes and controls relevant to (i) secondary capital markets trading fees, (ii) FTSE Russell revenue accruals, and (iii) Refinitiv subscription revenue within the Data & Analytics business. We also evaluated the design effectiveness of key controls.
- We evaluated whether the revenue recognition policy is appropriate and in accordance with IFRS 15 'Revenue from Contracts with Customers'.
- We performed cut-off testing to gain assurance that revenue was recognised in the correct period.
- For these revenue streams and revenue accruals, we performed analytical procedures and journal entry testing in order to identify and test the risk of misstatement arising from management override of controls.

Secondary capital markets trading fees

- We adopted a substantive audit approach on the secondary capital markets trading fees process. We tested controls operating over the cash receipt process to verify the accuracy of cash postings in the ledger.
- We increased our standard sample size for transaction testing to respond to the risk of fraud. Our procedures included agreeing the sample to supporting evidence, including contracts and subsequent cash receipts, and recalculating the fee charged and reconciling this back to the pricing policy and relevant tariff schedule.
- Using general ledger information, we analysed the correlation between revenue, deferred revenue, trade receivables, and cash postings. We tested general ledger entries relating to revenue accounts with the corresponding entry related to accounts other than deferred revenue, trade receivables and cash.
- We also performed substantive analytical procedures by comparing recorded revenue to expected revenue, determined based on trading volumes per trading platform multiplied by the respective tariff per tariff schedule.

FTSE Russell revenue accruals within the D&A business

- We adopted a substantive audit approach in relation to the FTSE Russell revenue accruals process.
- We increased our standard sample size for testing to respond to the risk of fraud. We selected a sample of revenue accruals and obtained appropriate supporting evidence for the accrued amounts. We also performed corroborative testing to invoices raised post year end and cash collected where applicable.
- For revenue based on assets under management (AUM), we increased our standard sample sizes, independently reperformed the revenue calculation and tested a sample of calculations back to supporting customer agreements, independent third-party sources or customer declarations.

Refinitiv subscription revenue within the Data and Analytics ("D&A") business

- We performed testing of operating effectiveness of key controls relevant to the measurement of Refinitiv subscription revenue within the D&A business.
- For a sample of significant contracts, we obtained the executed contract and performed a review of the contract terms against the requirements of IFRS 15 to assess whether appropriate revenue recognition accounting has been applied.
- We performed substantive analytical procedures on a monthly basis by customer and by product, setting expectations and thresholds for the investigation of differences and obtaining corroborating evidence where variances arose outside of those. We vouched revenue balances recorded to underlying documentation including contracts, order forms, credit notes, or cash receipt, depending upon the nature of the variances identified.

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We are satisfied that that revenue related to secondary capital markets trading, FTSE Russell revenue accruals and Refinitiv subscription revenue within the D&A business is reasonable and in accordance with IFRS 15 'Revenue from Contracts with Customers.

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</table>

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Risk that the impairment of goodwill and purchased intangible assets ("PIA") is inaccurate or incomplete Goodwill: £17,486m (2020: £1,856m) Purchased intangible assets: £11,920m (2020: £1,891m) Impairment charge of nil (2020: £10m) The Group holds significant intangible assets on its balance sheet, including goodwill, customer and supplier relationships, brands, database, software licenses, and intellectual property. We have determined the valuation of these intangible assets to be a key audit matter due to the size of the goodwill and purchased intangible assets as at 31 December 2021 and the use of judgement by management in their impairment assessment of the intangible assets. On an annual basis, management are required to perform an impairment assessment for goodwill, and to assess for indicators of impairment in respect of purchased intangible assets. Where indicators of impairment of purchased intangible assets are identified, a full impairment assessment is performed. These assessments involve management judgement in applying assumptions to the valuation models. Key judgements and estimates used in the valuation models include: • Cash flow forecasts • Long-term growth rates (LTGR) • Discount rates • Amortisation periods for purchased intangible assets • Customer retention rates • Royalty rates Refer to the Report of the Audit Committee (page 84); Accounting policies (page 159); and Note 15 of the Financial Statements (pages 159 to 163) The risk has increased in the current year due to the significant increase in the goodwill and purchase intangible balance as at 31 December 2021, following the Refinitiv acquisition.	• We confirmed our understanding of the impairment assessment process and assessed the design effectiveness of key controls and adopted a substantive audit approach. • The following procedures were performed in order to determine the acceptable range of the carrying value of goodwill and purchased intangible assets: – For material cash generating units (CGU), we examined the cash flow forecasts which support management's impairment assessment and tested compliance with the requirements of IAS 36 'Impairment of Assets'. – We tested the accuracy of these forecasts by comparing them to the three-year business plans approved by the Board. – We evaluated the reasonableness of the cash flow forecasts by analysing the budgeted growth rates and assessing their reasonableness based on our understanding of the CGU, its historical growth rates and other relevant market expectations and developments including changes in tax rates and the impact of COVID-19. We compared prior periods' cash flow forecasts to actual results to assess management's forecasting accuracy. – We tested the discount rates assigned to each of the CGUs, as well as the LTGRs (collectively "model inputs"), with involvement of EY valuation specialists; we evaluated these model inputs within each impairment model, by comparing them to a range of economic and industry forecasts and market data where appropriate, as well as to other similar companies. – For the Tradeweb CGU, we calculated the market capitalisation of Tradeweb at 31 December 2021 using the closing share price, multiplied by the outstanding shares. We obtained the closing share price independently from a third-party pricing source. We then compared the market capitalisation and carrying value of the assets in the CGU on 31 December 2021. We performed sensitivity analysis on the key assumptions (including the model inputs, cash flows forecasts, royalty rates and customer retention rates) to the impairment models, to understand the impact that reasonably possible changes to these key inputs would have on the overall carrying value of the goodwill and purchased intangible assets at the balance sheet date. • In respect of purchased intangible assets, we evaluated management's assessment of impairment indicators by considering the internal and external factors specific to each class of assets and our understanding of the business. This included performing back-testing of customer retention rates within specific business lines and the current returns made on intellectual property. We also assessed the appropriateness of the remaining amortisation period of purchased intangible assets by considering management's business plan and comparing management's forecasts against historic data. • We assessed the adequacy of the relevant disclosures made in the financial statements.	We are satisfied that the carrying values of goodwill and purchased intangible assets are reasonable and the related disclosures are compliant with IAS 36 'Impairment of Assets' and IAS 38 'Intangible Assets'.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Risk that the disposal of the Borsa Italiana Group is accounted for or disclosed incorrectly Gain on disposal: £2,519m; no PY comparatives. There is a risk of error in the appropriate accounting for the significant transaction involving a gain on disposal of Borsa Italiana Group and the relevant presentation and disclosure as a discontinued operation. The risks relate to the measurement of the carrying amount of the net assets when calculating the gain on disposal, and the completeness of any provisions or continuing obligations after the disposal date. Refer to the Report of the Audit Committee (page 84); Accounting policies (page 145); and Note 3 of the Financial Statements (pages 145 to 147). This is a new risk in the current year.	• We confirmed our understanding of the process relating to the Borsa Italiana Group disposal. • We inspected and reviewed the documents pertaining to the completion of the sale transaction, including the signed sale and purchase agreement ('SPA') and board approvals. Together with our technical accounting specialists, we assessed the technical accounting treatment of the disposal transaction of the SPA and the adequacy of the related discontinued operations disclosures and gain on disposal disclosures. • We performed audit procedures on the gain on disposal calculation, which included agreeing the consideration received to bank statements and the SPA. • We performed audit procedures on the pre-disposal income statement and cash flows for the period 1 January 2021 to 29 April 2021, and of the balance sheet as at 29 April 2021 of the Borsa Italiana Group. • We performed procedures to assess the reasonableness of other accounting entries made for the disposal, including recycle of exchange differences and hedge accounting to profit or loss. • We performed audit procedures to assess the completeness and accuracy of any potential continuing obligations on the Group after the disposal date, which included reviewing the SPA for contractual liabilities, obtaining confirmation from internal legal counsel, reviewing legal claims and performing a search for unrecorded liabilities.	We are satisfied that the gain on disposal relating to the Borsa Italiana Group disposal and the related disclosures are reasonable and in accordance with IFRS 5 'Non-current assets held for sale and discontinued operations.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Risk that expenses related to internally developed software are capitalised inappropriately, or that internally developed software is impaired Balance of £2,318 million (2020: £577 million) Impairment charge of £13 million (2020: £23 million) The capitalisation of expenses to internally developed software involves management's judgement, when making their assessment of capitalisation against criteria set out in IAS 38. The Group is required to review capitalised software assets for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable, as well as at least annually review whether there is any change in their expected useful lives. Where indicators of impairment are identified, a full impairment assessment is performed at the reporting date. These assessments involve significant management judgement in applying assumptions to the valuation models. Key judgements and estimates used in the valuation models include: • Discount rates • Long-term growth rates (LTGR) • Cash flow forecasts • Amortisation periods for internally developed software Refer to the Report of the Audit Committee (page 84); Accounting policies (page 159); and Note 15 of the Financial Statements (pages 159 to 163). The risk has neither increased nor decreased in the current year.	• We confirmed our understanding of both the capitalisation and impairment assessment processes and assessed the design and operating effectiveness of key controls. We concluded that the controls were designed, implemented and operating effectively, and therefore relied upon controls. • For a sample of additions, we have agreed amounts capitalised to supporting documentation to confirm that the costs were incurred and meet the capitalisation criteria of IAS 38 'Intangible Assets'. • To assess the completeness of indicators of impairment identified by management, we selected a sample of assets, including those not yet brought into use or projects put on hold, and tested and challenged management's assessment of indicators of impairment. This included analysis against budgeted spend and identifying projects with no recent spend. • Where an impairment assessment had been carried out by management, we tested the key assumptions used within the assessment, such as the discount rates, LTGR and cash flow forecasts with involvement of EY valuation specialists as needed. • We also assessed the sensitivity analysis performed by management as well as performing additional sensitivity analysis ourselves on the model inputs, to understand the impact that reasonably possible changes to key assumptions would have on the overall carrying value of the internally developed software at the balance sheet date. • We have tested the appropriateness of the amortisation period based on historic trends of economic lives of similar projects and management's best estimates of future performance, amortisation method and residual values. We have performed the recalculation of the amortisation of the full population. • We have, in addition, performed journal entry testing in order to identify and test the risk of misstatement arising from management override of controls. • We assessed the adequacy of the relevant disclosures made in the financial statements.	We are satisfied that the capitalisation of and carrying value of internally developed software and the related disclosures are reasonable and compliant with IAS 36 'Impairment of Assets' and IAS 38 'Intangible Assets'.

In the prior year, our auditor's report included the key audit matter relating to the risk of fraud in the recognition of revenue in secondary capital markets trading fees and FTSE Russell revenue accruals. Due to the Refinitiv acquisition, Refinitiv subscription revenue within the Data and Analytics business has been incorporated into this existing key audit matter.

In the current year, a further two matters have been included as new key audit matters, which are as follows:

- Risk that the Refinitiv acquisition is accounted for and disclosed incorrectly
- Risk that the disposal of the Borsa Italiana Group is accounted for and disclosed incorrectly

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £68 million (2020: £44 million), which is 5% (2020: 5%) of adjusted pre-tax profit from continuing operations, calculated by adjusting for certain non-underlying items relating to impairment of property, plant and equipment of £22m, impairment of intangible assets of £13m, transaction of £114m and integration costs of £224m. We consider the basis of our materiality to be one of the important considerations for shareholders of the Company in assessing the financial performance of the Group. It is linked to the key earnings measures discussed when the Group presents the financial results. In addition to non-underlying items, the Group also excludes amortisation of purchased intangibles to present adjusted operating profit; this amount is not excluded from our materiality calculation.

Independent Auditor's Report to the members of London Stock Exchange Group plc continued

Starting basis	• £987 million • Profit before tax from continuing operations
Adjustments	• £373 million • Certain non-underlying items relating to impairment of property, plant and equipment of £22m, impairment of intangible assets of £13m, transaction of £114m and integration costs of £224m.
Adjusted basis	• £1,360 million • Adjusted profit before tax from continuing operations
Materiality	• Materiality of £68 million (5% of materiality basis)

We determined materiality for the Parent Company to be £65 million (2020: £47.3 million), which is 0.26% (2020: 1%) of equity of the Parent Company. We believe that equity is an appropriate basis to determine materiality given the nature of the Parent Company as the investment holding company of the Group.

During the course of our audit, we reassessed initial materiality and made adjustments based on the final financial performance of the Group.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% (2020: 50%) of our planning materiality, namely £34 million (2020: £22 million). We have set performance materiality at this percentage due to our understanding of the Group's overall control environment, including the impact on this of the Refinitiv acquisition and audit differences which were identified in the prior year audit. Our approach is designed to have a reasonable probability of ensuring that the total of uncorrected and undetected misstatements does not exceed our overall materiality of £68 million (2020: £44 million) for the Group financial statements as a whole.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £5.6 million to £7 million (2020: £5.5 million to £14.3 million).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £3.4 million (2020: £2.2 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on pages 1-114, including the Strategic Report, Governance information and disclosures (including Board of Directors, Corporate governance, Complying with the provisions of the Code, Report of the Nomination Committee, Report of the Audit Committee, Report of Risk Committee, Directors' Remuneration Report, Directors' Report and Statement of Directors' responsibilities), other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Corporate Governance Statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group and Parent Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 114;
- Directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on page 60;
- Directors' statement on fair, balanced and understandable set out on page 114;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 77;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 77; and;
- The section describing the work of the audit committee set out on pages 83-87

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 114, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are the UK adopted International Accounting Standards, the UK Companies Act 2006, UK Corporate Governance Code 2016, The Financial Conduct Authority's ("FCA") Listing Rules, other relevant FCA rules and regulations, and tax legislation (governed by HM Revenue and Customs).
- The Group operates in multiple countries and locations around the world and are regulated by the local regulator and comply with local frameworks.

  – The US regulated entities' primary regulators are the US Securities and Exchange Commission (SEC), the Commodity Futures Trading Commission (CFTC), the Financial Industry Regulatory Authority, Inc. ("FINRA"), Municipal Securities Rulemaking Board ("MSRB") and the National Futures Association ("NFA"), The legal and regulatory frameworks that are applicable to these entities are Securities Act, the Exchange Act, the Commodity Exchange Act and SEC's Regulation ATS.
  – In jurisdictions outside the US and UK certain entities are regulated by the De Nederlandsche Bank ("DNB") and the Netherlands Authority for the Financial Markets ("AFM") in the Netherlands, the Japan Financial Services Agency (the "JFSA"), the Japan Securities Dealers Association (the "JSDA"), the Securities & Futures Commission (the "SFC") of Hong Kong, the Monetary Authority of Singapore (the "MAS"), the Australian Securities and Investment Commission (the "ASIC"), the Investment Industry Regulatory Organization of Canada and provincial regulators in Canada.

- We understood how the Group is complying with those frameworks by making inquiries of senior management, including the Chief Financial Officer, the Group General Counsel, the Chief Risk Officer, the Group Head of Compliance, and the Group Head of Internal Audit. We also reviewed significant correspondence between the Group and regulatory bodies, reviewed minutes of the Board, Risk Committee and gained an understanding of the Group's approach to governance, demonstrated by the Board's approval of the Group's governance framework and the Board's review of the Group's risk management framework and internal control processes.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by considering the controls that the Group has established to address risks identified by the Group, or that otherwise seek to prevent, deter or detect fraud. This included assessing the impact of remote working due to COVID-19. We also considered performance and incentive plan targets and their potential to influence management to manage earnings or influence the perceptions of investors.

Independent Auditor's Report to the members of London Stock Exchange Group plc continued

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved inquiries of senior management, legal counsel, the compliance officer and internal audit, review of significant correspondence with regulatory bodies, minutes of meetings of the Board and certain Board committees, the whistleblowing log, and focused testing, as referred to in the key audit matters section above.
- The Group operates in the exchange, benchmarks and central clearing counterparty industries which are regulated environments. As such, the Senior Statutory Auditor reviewed the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

- Following the recommendation from the audit committee, we were appointed as auditors of the Company and signed an engagement letter on 12 June 2014 and were appointed by the Company at the AGM on 16 July 2014, to audit the financial statements for the nine months period ended 31 December 2014 and subsequent financial periods. We signed an updated engagement letter on 25 October 2021 to audit and report on the financial statements of London Stock Exchange Group Plc and its subsidiaries for the year ended 31 December 2021 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is seven years and nine months, covering the nine months period ended 31 December 2014 to the year ended 31 December 2021.
- The audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Nicholas Dawes (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
2 March 2022

Consolidated income statement

Year ended 31 December		2021			2020 (Re-presented)[1]		
Continuing operations	Notes	Underlying £m	Non-underlying £m	Total £m	Underlying £m	Non-underlying £m	Total £m
Revenue	5, 6	**6,502**	–	**6,502**	1,760	–	1,760
Net treasury income from CCP clearing business	5, 6	**207**	–	**207**	269	–	269
Other income	5, 6	**31**	–	**31**	1	–	1
Total income		**6,740**	–	**6,740**	2,030	–	2,030
Cost of sales	5	**(862)**	–	**(862)**	(208)	–	(208)
Gross profit		**5,878**	–	**5,878**	1,822	–	1,822
Expenses							
Operating expenses before depreciation, amortisation and impairment	7, 9	**(2,791)**	**(339)**	**(3,130)**	(749)	(168)	(917)
Income from equity investments	18	**22**	–	**22**	–	–	–
Share of loss after tax of associates		**(4)**	–	**(4)**	(4)	–	(4)
Earnings before interest, tax, depreciation, amortisation and impairment		**3,105**	**(339)**	**2,766**	1,069	(168)	901
Depreciation, amortisation and impairment	9, 14, 15	**(721)**	**(887)**	**(1,608)**	(180)	(159)	(339)
Operating profit/(loss)		**2,384**	**(1,226)**	**1,158**	889	(327)	562
Finance income		**46**	–	**46**	6	–	6
Finance expense		**(212)**	**(5)**	**(217)**	(63)	(13)	(76)
Net finance expense	9, 10	**(166)**	**(5)**	**(171)**	(57)	(13)	(70)
Profit/(loss) before tax		**2,218**	**(1,231)**	**987**	832	(340)	492
Taxation	9, 11	**(458)**	**131**	**(327)**	(186)	48	(138)
Profit/(loss) from continuing operations		**1,760**	**(1,100)**	**660**	646	(292)	354
Discontinued operations							
Profit/(loss) after tax from discontinued operations	4	**84**	**2,519**	**2,603**	158	(25)	133
Profit/(loss) for the year		**1,844**	**1,419**	**3,263**	804	(317)	487
Profit/(loss) from continuing operations attributable to:							
Equity holders		**1,541**	**(1,012)**	**529**	584	(291)	293
Non-controlling interests	17	**219**	**(88)**	**131**	62	(1)	61
Profit/(loss) from continuing operations		**1,760**	**(1,100)**	**660**	646	(292)	354
Profit/(loss) from discontinued operations attributable to:							
Equity holders		**80**	**2,520**	**2,600**	150	(22)	128
Non-controlling interests	17	**4**	**(1)**	**3**	8	(3)	5
Profit/(loss) from discontinued operations	4	**84**	**2,519**	**2,603**	158	(25)	133
Profit/(loss) for the year		**1,844**	**1,419**	**3,263**	804	(317)	487
Earnings per share attributable to equity holders							
Continuing operations							
Basic earnings per share	12			**98.4p**			83.6p
Diluted earnings per share	12			**97.8p**			82.6p
Adjusted basic earnings per share	12	**286.5p**			166.7p		
Adjusted diluted earnings per share	12	**284.7p**			164.8p		
Total operations							
Basic earnings per share	12			**581.7p**			120.3p
Diluted earnings per share	12			**578.1p**			118.9p
Adjusted basic earnings per share	12	**301.4p**			209.7p		
Adjusted diluted earnings per share	12	**299.5p**			207.3p		
Dividend per share in respect of the financial year							
Dividend per share paid during the year	13			**25.0p**			23.3p
Dividend per share declared for the year	13			**70.0p**			51.7p

1 The 2020 results have been re-presented to exclude the results of the discontinued operations (refer to note 4).

Consolidated statement of comprehensive income

Year ended 31 December Continuing operations	Notes	2021 £m	2020 (Re-presented)[1] £m
Profit from continuing operations		**660**	354
Other comprehensive income			
Items that will not be subsequently reclassified to the income statement			
Actuarial gains/(losses) on retirement benefit obligations	28	**101**	(1)
Gain on equity instruments designated as fair value through other comprehensive income	18	**59**	6
Income tax relating to these items	11	**(25)**	–
		135	5
Items that may be subsequently reclassified to the income statement			
Gains on cash flow hedges	19	**22**	–
Gains on cash flow hedges recycled to the income statement	19	**(2)**	–
Net gains/(losses) on net investment hedges	19	**87**	(64)
Debt instruments at fair value through other comprehensive income:			
– Net gains from changes in fair value	19	**2**	17
Gains recycled to the income statement	19	**(4)**	(4)
Net exchange gains on translation of foreign operations		**13**	13
Income tax relating to these items	11	**1**	(3)
		119	(41)
Other comprehensive income/(loss) net of tax from continuing operations		**254**	(36)
Total comprehensive income from continuing operations		**914**	318
Discontinued operations			
Total comprehensive income from discontinued operations	4	**2,498**	214
Total comprehensive income		**3,412**	532
Total comprehensive income from continuing operations attributable to:			
Equity holders		**775**	242
Non-controlling interests	17	**139**	76
Total comprehensive income from continuing operations		**914**	318
Total comprehensive income from discontinued operations attributable to:			
Equity holders		**2,496**	207
Non-controlling interests	17	**2**	7
Total comprehensive income from discontinued operations		**2,498**	214
Total comprehensive income		**3,412**	532

1 The 2020 results have been re-presented to exclude the results of the discontinued operations (refer to note 4).

Balance sheets

At 31 December	Notes	Group 2021 £m	Group 2020 £m	Company 2021 £m	Company 2020 £m
Assets					
Non-current assets					
Property, plant and equipment	14	**832**	297	–	–
Intangible assets	15	**31,724**	4,324	–	–
Investment in subsidiary companies	16	–	–	**24,792**	6,806
Investment in associates		**25**	25	**2**	8
Deferred tax assets	11	**508**	51	–	–
Derivative financial instruments	19	**2**	–	–	–
Investments in financial assets	18, 19	**351**	280	–	–
Retirement benefit assets	28	**568**	81	–	–
Trade and other receivables	19, 21	**202**	14	**92**	45
		34,212	5,072	**24,886**	6,859
Current assets					
Trade and other receivables	19, 21	**967**	594	**1,496**	677
Derivative financial instruments	19	**25**	–	**10**	–
Clearing member financial assets		**665,031**	758,510	–	–
Clearing member cash and cash equivalents		**83,795**	83,011	–	–
Clearing member assets	19	**748,826**	841,521	–	–
Current tax receivable		**398**	77	–	–
Investments in financial assets – debt instruments	18, 19	–	92	–	–
Cash and cash equivalents	19, 22	**2,665**	1,785	**142**	1
Assets held for sale	14	**16**	–	–	–
		752,897	844,069	**1,648**	678
Total assets		**787,109**	849,141	**26,534**	7,537
Liabilities					
Current liabilities					
Trade and other payables	19, 23	**1,782**	613	**644**	866
Contract liabilities	25	**245**	168	–	–
Derivative financial instruments	19	**7**	6	**5**	6
Clearing member financial liabilities	19	**748,644**	841,553	–	–
Current tax payable		**73**	24	–	–
Borrowings	19, 26	–	605	–	599
Provisions	27	**16**	1	–	–
		750,767	842,970	**649**	1,471
Non-current liabilities					
Borrowings	19, 26	**7,654**	1,346	**1,740**	1,345
Derivative financial instruments	19	**45**	11	**43**	11
Contract liabilities	25	**101**	94	–	–
Deferred tax liabilities	11	**1,835**	411	–	–
Retirement benefit obligations	28	**85**	18	–	–
Other payables	19, 23	**1,059**	152	**202**	–
Provisions	27	**44**	14	–	–
		10,823	2,046	**1,985**	1,356
Total liabilities		**761,590**	845,016	**2,634**	2,827
Net assets		**25,519**	4,125	**23,900**	4,710

Balance sheets continued

At 31 December	Notes	Group 2021 £m	Group 2020 £m	Company 2021 £m	Company 2020 £m
Equity					
Capital and reserves attributable to the Company's equity holders					
Ordinary share capital	30	**39**	24	**39**	24
Share premium	30	**978**	971	**978**	971
Retained earnings		**3,816**	911	**4,086**	1,896
Other reserves	30	**18,807**	1,805	**18,797**	1,819
Total shareholders' funds		**23,640**	3,711	**23,900**	4,710
Non-controlling interests	17	**1,879**	414	–	–
Total equity		**25,519**	4,125	**23,900**	4,710

The Company recorded a profit for the year of £2,554 million (2020: £262 million).

The financial statements on pages 127 to 206 were approved by the Board on 2 March 2022 and signed on its behalf by:

David Schwimmer
Chief Executive Officer

Anna Manz
Chief Financial Officer

2 March 2022
London Stock Exchange Group plc
Registered number 5369106

Cash flow statements

Year ended 31 December	Notes	Group 2021 £m	Group 2020 (Re-presented)[1] £m	Company 2021 £m	Company 2020 £m
Operating activities					
Profit before tax from continuing operations		**987**	492	**2,493**	215
Adjustments to reconcile profit before tax to net cash flow:					
– Depreciation and impairment of property, plant and equipment	14	**296**	59	**–**	–
– Amortisation and impairment of intangible assets	15	**1,312**	281	**–**	–
– Impairment of investment in subsidiary companies	16	**–**	–	**563**	–
– Share-based payments	29	**141**	44	**–**	–
– Net finance expense	10	**171**	70	**74**	71
– Foreign exchange losses/(gains)		**110**	56	**(163)**	82
– Dividend income	18, 32	**(22)**	–	**(3,303)**	(583)
– Other movements		**59**	(23)	**10**	(14)
Working capital changes and movements in other assets and liabilities:					
– Decrease/(increase) in receivables, contract and other assets		**702**	(53)	**(16)**	(6)
– (Decrease)/increase in payables, contract and other liabilities		**(319)**	21	**300**	85
– Increase in clearing member financial assets		**(72,668)**	(44,139)	**–**	–
– Increase in clearing member financial liabilities		**72,408**	44,329	**–**	–
Cash generated from /(used in) operations		**3,177**	1,137	**(42)**	(150)
Interest received		**14**	4	**1**	–
Interest paid		**(152)**	(78)	**(74)**	(67)
Taxes paid		**(390)**	(215)	**–**	–
Royalties paid		**(70)**	(1)	**–**	–
Net cash flows from continuing operations[2]		**2,579**	847	**(115)**	(217)
Net cash flows from discontinued operations	4	**23**	125	**–**	–
Net cash flows from operating activities		**2,602**	972	**(115)**	(217)
Investing activities					
Purchase of property, plant and equipment	14	**(97)**	(19)	**–**	–
Purchase of intangible assets	15	**(565)**	(177)	**–**	–
Investments in financial assets	18	**(28)**	(2)	**–**	–
Cash acquired on acquisition of subsidiaries (Refinitiv)	3.1	**925**	–	**–**	–
Acquisition of subsidiaries, net of cash acquired (NFI)	3.2	**(151)**	–	**–**	–
Acquisition of subsidiaries, net of cash acquired (Quorate)	3.3	**(12)**	–	**–**	–
Proceeds from sale of disposal group, net of cash disposed	4	**3,592**	–	**–**	–
Dividends received	18	**22**	–	**2,654**	193
Other investing activities		**–**	31	**–**	–
Net cash flows from continuing operations		**3,686**	(167)	**2,654**	193
Net cash flows from discontinued operations	4	**(2)**	(26)	**–**	–
Net cash flows from investing activities		**3,684**	(193)	**2,654**	193
Financing activities					
Payment of principal portion of lease liabilities	24	**(118)**	(43)	**–**	–
Proceeds from borrowings	26	**6,944**	5	**500**	4
Repayment of borrowings	26	**(11,614)**	(228)	**(586)**	(226)
Dividends paid to equity holders of the parent	13	**(426)**	(257)	**(426)**	(257)
Dividends paid to non-controlling interests		**(95)**	(21)	**–**	–
Additional capital paid to subsidiary companies		**–**	–	**(1,600)**	(56)
Loans made to subsidiary companies		**–**	–	**(672)**	(54)
Repayment of loans made to subsidiary companies		**–**	–	**256**	298
Loans received from subsidiary companies		**–**	–	**131**	312
Other financing activities		**(31)**	2	**13**	2
Net cash flows from continuing operations		**(5,340)**	(542)	**(2,384)**	23
Net cash flows from discontinued operations	4	**(6)**	–	**–**	–
Net cash flows from financing activities		**(5,346)**	(542)	**(2,384)**	23
Increase/(decrease) in cash and cash equivalents		**940**	237	**155**	(1)
Foreign exchange translation		**(60)**	55	**(14)**	–
Cash and cash equivalents at 1 January		**1,785**	1,493	**1**	2
Cash and cash equivalents at 31 December[3]	22	**2,665**	1,785	**142**	1

1 The 2020 results have been re-presented to exclude the results of the discontinued operations (refer to note 4).
2 The Group's net cash inflow from continuing operating activities of £2,579 million (2020: £847 million) includes £293 million (2020: £95 million) of expenses related to non-underlying items.
3 Group cash flow does not include cash and cash equivalents held by the Group's Post Trade operations on behalf of the Group's clearing members for use in their operations as managers of the clearing and guarantee systems. These balances represent margins and default funds held for counterparties for short periods in connection with these operations.

Statements of changes in equity

Group

Year ended 31 December	Notes	Attributable to equity holders: Ordinary share capital £m	Share premium £m	Retained earnings £m	Other reserves[1] £m	Total attributable to equity holders £m	Non-controlling interests £m	Total equity £m
1 January 2020		24	967	668	1,796	3,455	346	3,801
Total comprehensive income for the year		–	–	440	9	449	83	532
Issue of shares	30	–	4	–	–	4	–	4
Dividends paid in the year	13	–	–	(257)	–	(257)	(16)	(273)
Share-based payments	29	–	–	51	–	51	–	51
Tax benefit on share-based payments in excess of expense recognised	11	–	–	9	–	9	1	10
31 December 2020		24	971	911	1,805	3,711	414	4,125
Total comprehensive income for the year		–	–	**3,250**	**21**	**3,271**	**141**	**3,412**
Issue of shares	30	–	**7**	–	–	**7**	–	**7**
Issue of shares for acquisition of subsidiaries (with non-controlling interest)	3	**15**	–	**(25)**	**16,981**	**16,971**	**1,442**	**18,413**
Dividends paid in the year	13	–	–	**(426)**	–	**(426)**	**(97)**	**(523)**
Share-based payments	29	–	–	**76**	–	**76**	**67**	**143**
Tax benefit on share-based payments in excess of expense recognised	11	–	–	**30**	–	**30**	–	**30**
Disposal of business	4	–	–	–	–	–	**(65)**	**(65)**
Adjustments to non-controlling interest		–	–	–	–	–	**23**	**(23)**
31 December 2021		**39**	**978**	**3,816**	**18,807**	**23,640**	**1,879**	**25,519**

1 Movements in other reserves are detailed in note 30.

Company

Year ended 31 December	Notes	Attributable to equity holders: Ordinary share capital £m	Share premium £m	Retained earnings £m	Other reserves: Capital redemption reserve[1] £m	Other reserves: Merger reserve[1] £m	Total attributable to equity holders £m
1 January 2020		24	967	1,836	514	1,305	4,646
Profit for the year		–	–	262	–	–	262
Issue of shares	30	–	4	–	–	–	4
Dividends paid in the year		–	–	(257)	–	–	(257)
Employee share scheme expenses	29	–	–	55	–	–	55
31 December 2020		24	971	1,896	514	1,305	4,710
Profit for the year		–	–	**2,554**	–	–	**2,554**
Issue of shares	30	–	**7**	–	–	–	**7**
Issue of shares for acquisition of subsidiaries	3	**15**	–	**2**	–	**16,978**	**16,995**
Dividends paid in the year	13	–	–	**(426)**	–	–	**(426)**
Employee share scheme expenses	29	–	–	**60**	–	–	**60**
31 December 2021		**39**	**978**	**4,086**	**514**	**18,283**	**23,900**

1 Movements in other reserves are detailed in note 30.

Notes to the financial statements

This section describes the Group's significant policies and critical accounting judgements and estimates that relate to the financial statements and notes as a whole. Where an accounting policy or a significant accounting judgement or estimate relates to a particular note, it is disclosed in that note.

1. Significant accounting policies

1.1 Reporting entity

These financial statements are prepared for London Stock Exchange Group plc (the Company) and its subsidiaries (the Group). The Group is a diversified global financial markets infrastructure and data business. The Company is a public company, incorporated and domiciled in England and Wales. The address of its registered office is 10 Paternoster Square, London, EC4M 7LS.

On 29 January 2021, the Group acquired Refinitiv Parent Limited and its subsidiaries (Refinitiv) (refer to note 3). The results of Refinitiv have been consolidated since the date of acquisition. As a result of the acquisition, the Group now reports its results in three main segments: Data & Analytics, Capital Markets and Post Trade. The segment reporting for the comparative period has been re-presented to align with this new structure (refer to note 5).

On 29 April 2021, the Group disposed of London Stock Exchange Group Holdings (Italia) SpA and its subsidiaries (the Borsa Italiana group) (refer to note 4). The Borsa Italiana group was classified as a discontinued operation and disposal group once the sale became highly probable on 13 January 2021 (the date the EU Commission approved the acquisition of Refinitiv). Its profits, losses and cash flows have therefore been separated from the Group's continuing operations and are shown as discontinued operations. The comparative period has been re-presented accordingly. The Borsa Italiana group operations were not classified as a disposal group as at 31 December 2020 and the balance sheet has not been re-presented from that published in the 2020 Annual Report.

1.2 Compliance with International Financial Reporting Standards (IFRS)

The Group's consolidated and the Company's financial statements are prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006. The significant accounting policies applied in the preparation of these financial statements are set out below, and in the relevant notes to the financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated.

1.3 Basis of preparation

The financial statements are prepared on a historical cost basis except for derivative financial instruments, debt and equity financial assets and contingent consideration which are measured at fair value.

Going concern

The financial statements have been prepared on a going concern basis.

The Directors consider there to be no material uncertainties that may cast significant doubt on the Group and Company's ability to continue to operate as a going concern. The Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date when these financial statements are authorised for issue. Accordingly, they continue to adopt the going concern basis in the preparation of these financial statements.

The Group's business activities (together with the factors likely to affect its future development, performance and position), its objectives, policies in managing financial risks and its capital are set out in the Strategic Report on pages 2 to 65. The financial risk management objectives and policies of the Group, together with its exposure to capital, credit and concentration, country, liquidity, settlement, custodial and market risk are discussed in note 2 to the financial statements.

Presentation of income statement

The Group uses a columnar format for the presentation of its consolidated income statement to separately identify results before non-underlying items (adjusted). This provides the reader with supplemental data relevant to an understanding of the Group's financial performance, as non-underlying items of income and expense are material by their size and/or nature.

The presentation is consistent with the way that financial performance is measured by management and reported to the Executive Committee and Board.

Non-underlying items include:

- Amortisation and impairment of goodwill and other purchased intangible assets
- Incremental depreciation, amortisation and impairment of the fair value adjustments of tangible or intangible assets recognised as a result of acquisitions
- Other income or expenses not considered to drive the operating results of the Group (including integration and transaction costs related to acquisitions and disposals of businesses)
- Tax on non-underlying items

The profit measure before non-underlying items is used to calculate adjusted earnings per share. Profit before non-underlying items is reconciled to profit before taxation on the face of the income statement. Non-underlying items are disclosed in note 9.

As permitted by Section 408 of the Companies Act 2006, the Company's income statement has not been included in these financial statements. The Company recorded profit for the year of £2,554 million (2020: £262 million). The increase in profit for the year reflects additional dividends received as a consequence of the profit on disposal of the Borsa Italiana group.

Current and non-current classification

Current assets comprise assets held primarily for trading purposes, cash and cash equivalents, and assets expected to be realised within one year from the reporting date, or intended for trade or consumption and realised in the course of the Group's operating cycle. All other assets are classified as non-current assets.

Current liabilities comprise liabilities held primarily for trading purposes, liabilities expected to be settled in the course of the Group's operating cycle and those liabilities due within one year from the reporting date. All other liabilities are classified as non-current liabilities.

1.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Subsidiaries are consolidated from the date on which control is obtained by the Group until the date on which control ceases. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Where necessary, adjustments are made to the results of subsidiaries and associates to bring their accounting policies in line with those used by the Group. Inter-company transactions, balances and unrealised gains and losses on transactions between group entities are eliminated on consolidation.

1.5 Foreign currencies

Functional and presentation currency

The consolidated financial statements are presented in sterling, which is also the functional currency of London Stock Exchange Group plc, the parent Company.

Notes to the financial statements continued

Transactional foreign exchange differences
Foreign currency transactions are converted into the functional currency of each of the Group's entities using the rate ruling at the date of the transaction. Gains or losses resulting from the settlement of such transactions are recognised in the income statement. Differences arising from the retranslation of monetary assets and liabilities denominated in foreign currencies in each subsidiary are also recognised in the income statement.

Translational foreign exchange differences arising on consolidation of non-sterling entities
The Group determines the functional currency for each of its entities (including subsidiaries and associates). Items included in the financial statements of each entity are recognised in that functional currency. The results and financial position of all Group entities that have a non-sterling functional currency are converted into sterling on consolidation into the Group's results as follows:
- assets and liabilities, including goodwill, purchased intangible assets and fair value adjustments, are converted at the reporting date exchange rates
- income and expenses and other comprehensive income are translated at the average rate for the year. Where this average is not a reasonable approximation of the rate prevailing on the date of material transactions, these items are translated at the rate on the date of the transaction
- all resulting exchange differences are recognised in other comprehensive income

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income. On disposal of a foreign currency operation, cumulative exchange differences recognised in other comprehensive income are reclassified to the income statement as part of the gain or loss on sale.

1.6 New and amended standards and interpretations
Standards, interpretations and amendments to published standards effective for the year ended 31 December 2021
During the year, the following amendments to standards became effective. These do not have a material impact on the Group's financial statements:
- Amendments to IFRS 4 *Insurance Contracts* – deferral of IFRS 9
- Amendments to IFRS 7 *Financial Instruments*: Disclosures, IFRS 9 *Financial Instruments* and IAS 39 *Financial Instruments: Recognition and Measurement*: Interest Rate Benchmark Reform – Phase 2

Standards, interpretations and amendments to published standards which are not yet effective
The new and amended standards that are issued, but not yet effective, up to the date of the Group's financial statements are disclosed below. The Group intends to adopt these, if applicable, when they become effective. The Group is currently assessing their impact, but this is not expected to be material to the Group's financial statements:

International accounting standards and interpretations	Effective date
Amendments to IFRS 3 *Business Combinations*: reference to the Conceptual Framework	1 January 2022
Amendments to IAS 16 *Property, Plant and Equipment*: proceeds before intended use	1 January 2022
Amendments to IAS 37 Provisions, *Contingent Liabilities and Contingent Assets*: onerous contracts – cost of fulfilling a contract	1 January 2022
Annual Improvements to IFRS 2018–2020	1 January 2022
Amendments to IAS 1 *Presentation of Financial Statements* classification of liabilities as current or non-current	1 January 2023
IFRS 17 *Insurance Contracts*, including amendments to IFRS 17	1 January 2023

1.7 Significant accounting judgements, estimates and assumptions
Judgements, estimates and assumptions are regularly evaluated based on historical experience, current circumstances and expectations of future events. The key areas involving a higher degree of judgement or complexity or areas where assumptions are significant to the financial statements are highlighted in the relevant note.

We have considered the impact of climate change on our financial reporting for the year. Some physical and transition risks can manifest in the shorter term however many of the effects arising from climate change will be longer term in nature, and therefore come with an inherent level of uncertainty. Climate change has had limited effect on the accounting judgements and estimates for the current period and we believe there is no material impact on the asset and liability valuations at 31 December 2021 in relation to climate risks.

Critical judgements are disclosed in the following notes:

Note		Judgements
3	Business combinations	Assessing lock-up provisions when valuing consideration shares
9	Non-underlying items	Classifying items as non-underlying
11	Taxation	Uncertain tax positions
20	Offsetting financial assets and financial liabilities	Offsetting clearing member balances
28	Pension and other retirement benefit schemes	Assessing the remaining pension surpluses which could be refunded in full to the Group

Estimates and assumptions are disclosed in the following notes:

Note		Estimates and assumptions
3	Business combinations	• Tangible and intangible assets acquired as part of a business combination • Fair value of equity-settled share-based payment awards granted by Tradeweb
6	Total income	Expected service period for admission and listing in the Primary Markets business
11	Taxation	Uncertain tax positions
15	Intangible assets	• Recoverable amounts of relevant cash-generating units (CGUs) • Estimated useful economic lives
28	Pension and other retirement benefit schemes	Value of future defined benefit asset or liability

2. Financial risk management

The Group seeks to protect its financial performance and the value of its business from exposure to capital, credit, concentration, country, liquidity, settlement, custodial and market (including foreign exchange, cash flow and fair value interest rate) risks. Detail of these risks, which should be read in conjunction with the Principal Risks and Uncertainties on pages 50 to 59, are provided below.

Capital risk

Risk description

Capital risk relates to the Group's ability to meet regulatory capital requirements and minimum internal investment returns.

There is a risk that the Group's entities may not maintain, or have continued access to, sufficient high-quality capital to meet their regulatory, or other obligations. This could result in a loss of regulatory approvals and/or the imposition of financial sanctions.

Either separately, or in combination, the main capital risks faced by the Group are:
- An increased regulatory capital requirement of its regulated companies
- Realised, negative yields on its investments
- An inability to raise debt or equity financing as a result of its own poor financial performance, or poor financing conditions

Risk management approach

The Group, which consists of both regulated and unregulated entities, is profitable and strongly cash generative. It can manage its capital structure (which consists of equity and debt capital) and react to changes in economic conditions by varying returns to shareholders, issuing new shares or increasing or reducing borrowings. The Board reviews dividend policy and funding capacity on a regular basis and the Group maintains comfortable levels of debt facility headroom. A high-level summary of the Group's capital structure is presented below:

Book value of capital	2021 £m	2020 £m
Total shareholders' funds	**23,640**	3,711
Group borrowings	**7,654**	1,951

The Group maintains a Capital Management Policy, the execution of which is overseen by the Group's Financial, Investment and Capital Committee. The Group seeks to optimally allocate capital in order to maintain a strong balance sheet, meet regulatory requirements, drive growth and offer suitable returns to shareholders. Regulated entities within the Group monitor compliance with policy and the capital requirements set by their respective regulatory authorities. Regulated entities within the Group have, to date, predominantly issued equity and held cash and cash equivalents to satisfy their local regulatory capital requirements.

The Group's total regulatory and operational capital is shown below:

Regulatory and operational capital	2021 £m	2020 £m
Total regulatory and operational capital	**1,294**	1,352
Amount included in cash and cash equivalents	**1,261**	1,242

To ensure ongoing financial strength and access to new capital (at reasonable cost), and to sustain an investment grade credit rating, the Group monitors its net leverage ratio against a target range of 1-2 times. Net leverage is calculated as operating net debt (i.e. net debt after excluding amounts set aside for regulatory and operational purposes) to pro forma adjusted EBITDA (Group consolidated earnings before net finance charges, taxation, impairment, depreciation and amortisation, foreign exchange gains or losses and non-underlying items, prorated for acquisitions or disposals undertaken in the period). As at 31 December 2021, net leverage was 1.9 times (2020: 1.1 times).

While the Group's bank borrowing facilities no longer include net leverage and interest cover ratio covenants, the Group takes into account the potential impact to the key metrics monitored by credit rating agencies when considering whether to increase the size of its borrowings and net debt. The Group seeks to maintain a strong investment grade credit rating and will always seek to return to its target range if leverage rises temporarily.

Credit and concentration risk

Risk description	Risk management approach

Risk description

Credit risk relates to the potential for a Group counterparty (including CCP members, and any counterparty where there is exposure through payment, clearing or settlement processes) to be unable to meet its financial obligations when due.

Credit concentration risk may arise through Group entities having large individual or connected exposures to groups of counterparties whose likelihood of default is driven by common underlying factors.

Risk management approach

Group
Group companies make judgements on the credit quality of their clients. This is based on the client's financial position, the recurring nature of billing and collection arrangements and historical evidence relating to the company's ability to meet its financial liabilities as they fall due. The Group is exposed to a large number of clients and so management deems concentration risk on the Group's receivables to be low.

The Group's credit risk exposure arises on the financial assets shown in note 19. There have been no significant increases in credit risk for these assets and no estimated credit losses have been recognised on other financial instruments.

Credit risk is governed by policies developed at Group level by the Group Risk function. Limits and thresholds for credit and concentration risk are reviewed regularly.

Non-CCP entities
The principal source of non-CCP credit risk is the creditworthiness of the investment counterparties with which the Group deposits cash. The Group manages its credit risk by outlining the maximum financial exposure that may be taken against any one counterparty, based on an assessment of the counterparty's credit quality.

Cash and cash equivalents are held with authorised counterparties of a high credit standing. Cash is held in unsecured interest bearing current and call accounts. Cash equivalents comprise short-term deposits and AAA-rated money market funds.

Derivative transactions (and other treasury receivable structures) must be in line with the Group's policy framework and may only be undertaken with highly rated counterparties.

CCPs
The principal source of CCP credit risk lies in the potential for one or more clearing members to default. Group CCPs manage this risk through robust financial risk management. Clearing members are selected based on an assessment of their supervisory capital as well as their technical and organisational strength. Each member must pay margins to the relevant Group CCP. This may be either cash or highly liquid securities but must include a minimum level of cash. Clearing members also contribute to default funds managed by the Group CCPs. These aim to protect the integrity of the markets in the event of multiple defaults in extreme market circumstances. Group CCPs use stress tests to determine the appropriate margin and default fund requirements. These are reviewed by CCP risk committees who can take action as appropriate.

CCPs are required by regulation to hold a minimum amount of capital (regulatory capital). Each of the Group's CCPs maintains this regulatory capital requirement, together with an additional holding of its own capital. This additional capital is to help manage credit risk during a significant market stress event or member default.

The total clearing member contributions of margin and default funds across the Group CCPs is shown below:

Total collateral held		2021 £bn	2020 £bn
Collateral security	Cash received	**96**	113
	Non-cash pledged	**135**	140
	Guarantees pledged	**2**	3
Total collateral as at 31 December		**233**	256
Maximum collateral held during the year		**246**	311

Group CCPs manage the credit risk associated with margin and default fund contributions by investing the cash element in instruments or structures deemed 'secure' by the relevant regulatory bodies. This includes direct investments in highly rated, 'regulatory qualifying' sovereign bonds and supra-national debt, investments in tri-party and bilateral reverse repos (receiving high-quality government securities as collateral) and, in certain jurisdictions, deposits with the central bank. The small proportion of cash that is invested unsecured is placed for short durations with highly rated counterparties where limits are applied with respect to credit quality, concentration and tenor.

	2021 £bn	2020 £bn
Total investment portfolio	**98**	90
Maximum portfolio size during the year	**108**	150
Additional portfolio information:		
Amount invested securely	**99.94%**	99.98%
Weighted average maturity (days)	**33**	61

Associated liquidity risks are considered in the investment mix and discussed further below in the Liquidity, Settlement and Custodial risk section.

To address concentration risk, the Group maintains a diversified portfolio of high-quality, liquid investments and uses a broad range of custodians, payment and settlement banks and agents. The largest concentration of treasury exposures as at 31 December 2021 was to the French Government with an aggregate exposure of 41% of the total investment portfolio (2020: 32% to the French Government).

Credit and concentration risk

Risk description	Risk management approach
	Trade receivables (including fees receivable) An impairment analysis of trade and fees receivable is performed monthly. This is done using a provision matrix to measure expected credit losses and consider factors such as the counterparty's credit quality and country of operations. The calculation reflects current conditions together with forecasts of future economic conditions. None of the Group's trade receivables are material by individual counterparty.

		Trade receivables		
31 December 2021	**Fees receivable £m**	**<180 days £m**	**>180 days £m**	**Total £m**
Expected credit loss rate	**<1%**	**<1%**	**15.2%**	
Total receivables	**230**	**463**	**34**	**727**
Expected credit loss	**–**	**(2)**	**(5)**	**(7)**
Net trade and fees receivables	**230**	**461**	**29**	**720**
31 December 2020				
Expected credit loss rate	<1%	<1%	64%	
Total receivables	123	288	14	425
Expected credit loss	–	(2)	(9)	(11)
Net trade and fees receivables	123	286	5	414

Country risk

Risk description

Country risk relates to those risks that are inherent when doing business with, or operating in, a country.

Some governments may be unable or find it difficult to service their debts. This could have adverse effects, particularly on the Group's CCPs, potentially impacting cleared products, margin collateral, investments, the clearing membership and the financial industry as a whole.

In addition, geopolitical events could impact our ability to operate in a country or impact the value of our assets in that country. We may even need to relocate activities or change our operating model in response.

Risk management approach

The Group has a country risk framework which facilitates assessment and monitoring of the risk associated with doing business with, or operating in, a country.

Group CCPs have specific risk management frameworks that address country risk for both clearing and margin operations. Contained in these frameworks are a suite of stress scenarios that consider deterioration of sovereign credit quality as well as other risk factors. These scenarios support CCPs in developing and maintaining the appropriate country risk measurement, on-going monitoring and mitigation tools. Risk Committees oversee these risks and the associated policy frameworks to protect the Group against a potentially adverse impact arising from volatility in the sovereign debt markets.

The Group CCPs' sovereign exposures of £1 billion or more at the end of the financial reporting periods were:

Country/organisation	2021 £bn	2020 £bn
France	**28**	29
European Union (supranational)	**17**	2
UK	**12**	10
USA	**11**	10
Germany	**1**	1
Netherlands	**–**	10
Italy	**–**	9
Spain	**–**	1

We are closely monitoring the events in Ukraine and Russia and have performed a risk assessment including considering contingency plans for our operations and activities in these countries.

Notes to the financial statements continued

Liquidity, settlement and custodial risk

Risk description

The Group's liquidity risk relates to its ability to meet its short- and long-term payment obligations as they fall due.

Additionally, the Group's CCPs, and certain other Group entities, must maintain a level of liquidity (consistent with regulatory requirements) to ensure the smooth operation of their respective services and to be able to continue to operate in the event of a significant stress event.

The Group's settlement and custodial risks relates to the potential for a partner firm to default on its obligations in respect of custody, settlement, payment or other administration activities, or that no action is taken by the Group to mitigate these risks. This also includes the risk that client assets are immobilised as a result of a third-party bankruptcy.

Risk management approach

Group
The Group maintains sufficient liquid resources to meet its financial obligations as they fall due, and to invest in capital expenditure, make dividend payments, meet its pension commitments and appropriately support or fund acquisitions or repay borrowings. Subject to regulatory constraints impacting certain entities, funds can (generally) be lent across the Group and cash earnings remitted through regular dividend payments by subsidiary companies. This is an important component of the Group Treasury cash management policy and approach.

The Group is profitable, has strong free cash flow and generates annuity-like revenue which is not significantly impacted by seasonal variations. Management monitors forecasts of the Group's cash flow and overlays sensitivities to these forecasts to reflect assumptions about more challenging market conditions or stress events. The Group will take the appropriate actions to satisfy working capital requirements when committing to large scale acquisitions, including comfortable liquidity headroom projected over a reasonable time frame.

Non-CCP entities
The Group Treasury Policy requires the Group to maintain adequate credit facilities provided by a diversified lending group to cover its expected funding requirements and ensure a minimum level of headroom for at least the next 24 months. The financial strength of the Group's lenders is monitored regularly.

For full details of the Group's borrowings and the facilities that became effective during the year, refer to note 26.

CCPs
The Group's CCPs maintain sufficient cash and cash equivalents and, in certain jurisdictions, have access to central bank refinancing or commercial bank credit lines to meet the cash requirements of the clearing and settlement cycle. Regulations require CCPs to ensure that appropriate levels of back-up liquidity are in place to underpin the dynamics of a largely secured cash investment requirement, ensuring that the maximum potential outflow under extreme market conditions is covered (see credit and concentration risk section above).

In the event of a member default, Group CCPs can liquidate the defaulting member's portfolio to cover losses associated with the default as well as settlement of other financial obligations of the defaulting member.

In addition, certain Group companies, including the CCPs, maintain commercial bank facilities which support management of intraday and overnight liquidity.

Custodians are subject to minimum eligibility requirements, ongoing credit assessments and robust contractual arrangements. They are also required to have appropriate contingency arrangements in place.

Financial liability maturity
The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table reflect the contractual undiscounted cash flows. The borrowings and lease liabilities include future interest that has not been accrued at the balance sheet date.

31 December 2021	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m	Total £m
Borrowings	**78**	**1,467**	**2,229**	**4,870**	**8,644**
Trade and other payables (excluding lease liabilities)	**1,614**	–	–	–	**1,614**
Lease liabilities	**149**	**124**	**204**	**275**	**752**
Clearing member liabilities	**748,644**	–	–	–	**748,644**
Derivative financial instruments	**6**	**1**	**30**	**14**	**51**
Other non-current payables (excluding lease liabilities)	–	**14**	**3**	**495**	**512**

31 December 2020	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m	Total £m
Borrowings	648	20	505	947	2,120
Trade and other payables (excluding lease liabilities)	554	–	–	–	554
Lease liabilities	42	36	82	82	242
Clearing member liabilities	841,553	–	–	–	841,553
Derivative financial instruments	6	–	9	2	17
Other non-current payables (excluding lease liabilities)	–	5	–	–	5

Market risk – foreign exchange risk

Risk description

The Group operates globally with primary centres in the UK, Europe and North America. It also has growing and strategically important businesses in Asia. The Group's principal currencies of operation are sterling, US dollar, and the euro.

The Group is exposed to transactional foreign exchange risk and translational risk. Transactional risk arises when we buy or sell goods or services in a currency other than our entities' functional currencies. We may be exposed to movements in that currency. Translational risk arises due to the requirement to translate non-reporting currency earnings into the Group's reporting currency for the purpose of statutory reporting.

Transactional foreign exchange risk may present itself in payment of intragroup dividends or when interest obligations, which are in a different currency, are due. However, both of these operations play their part in controlling the level of translational foreign exchange exposure the Group faces.

Transactional foreign exchange risk may also arise when investing in, or divesting from, operations denominated in currencies other than sterling.

In addition, the Group has some contracts/cashflow profiles with a foreign exchange component that could trigger embedded derivative recognition and, as such, fair value accounting treatment.

Risk management approach

Translational risk
The Group manages its translational risk, where possible, by matching the currency of its debt to the currency of its earnings, to make sure its key financial ratios (net leverage and interest coverage) are protected from material foreign exchange rate volatility. The Group also balances the currency of its assets with its liabilities. In order to mitigate the impact of unfavourable currency exchange rate movements on earnings and net assets, non-sterling cash earnings are centralised and applied to debt and interest payments in the same currency. Where required, currency of debt is re-balanced using cross-currency swaps to better match the currency of debt to the overall currency of earnings.

A material proportion of the Group's debt is held in or swapped into euros and US dollars as noted below:

Currency of debt	2021 £m	2020 £m
Euro denominated drawn debt	**2,630**	1,530
Euro denominated cross-currency interest rate swaps	**(619)**	(613)
US dollar denominated drawn debt	**4,540**	–
US dollar denominated cross-currency interest rate swaps	**619**	613

The cross-currency interest rate swaps are directly linked to euro fixed debt. The euro and US dollar denominated debt, including the cross-currency swaps, provide a hedge against the Group's net investment in euro and US dollar denominated entities.

As at 31 December 2021, the Group's designated hedges of its net investments were effective.

Transactional risk
While transactional foreign exchange exposure is limited, the Group mitigates this by either hedging material transactions with appropriate derivative instruments or by settling currency payables or receivables within a short timeframe. The Group Treasury Policy requires cash flows of single transactions or a series of linked transactions of more than £10 million or equivalent per annum to be hedged. The risk is also minimised by the periodic exchange of cash into each Group entity's functional currency. Where appropriate, hedge accounting for derivatives is considered in order to mitigate material levels of income statement volatility.

Governance and sensitivity
The Group's Board Audit and Risk Committees reviewed the approach to foreign exchange risk management during the quarter ended 31 December 2021.

In addition to projecting and analysing its earnings and debt profile by currency, the Group reviews sensitivities to movements in exchange rates. The Group has considered movements in the euro and the US dollar over 2021 and 2020 and, based on actual market observations between its principal currency pairs, has concluded that a 10% movement in rates is a reasonable level to illustrate the risk to the Group. The impact on profit after tax and equity is set out in the table below:

		2021		2020	
		Profit after tax £m	Equity £m	Profit after tax £m	Equity £m
Euro	Sterling weakens	**(13)**	**(67)**	–	40
	Sterling strengthens	**12**	**61**	–	(36)
US dollar	Sterling weakens	**9**	**(62)**	6	(51)
	Sterling strengthens	**(8)**	**56**	(5)	47

The sensitivity of profit after tax reflects foreign exchange gains or losses on translation of financial assets and financial liabilities, including cash and borrowings.

The sensitivity of equity reflects the foreign exchange gains or losses on translation of euro and US dollar borrowings that have been designated as hedges of a net investment in foreign operations.

Market risk – interest rate risk

Risk description	Risk management approach
The Group's interest rate risk arises from the impact of changes in interest rates on cash held and investments in financial assets, and on borrowings held at floating rates. The Group may also face future interest rate exposure connected to M&A transactions where significant debt financing is involved. The Group's CCPs have member liabilities, and separately achieve returns which support the payment of these liabilities. A CCP's interest rate risk can increase if the reference rates used to calculate liabilities increase while the reference rates that underpin investment returns decrease. Group companies that offer guaranteed settlement of traded securities can also be exposed to latent interest rate risk (and market risk more generally) in the event of a counterparty default.	The Group's interest rate management policy focuses on protecting the Group's credit rating and limiting the impact of interest rate increases on Group earnings. To support this objective, the Group targets a minimum coverage of interest expense by adjusted EBITDA of 7 times, and a maximum debt floating rate component of 50%. This approach reflects: • a focus on the Group's cost of gross debt rather than its net debt given the material cash and cash equivalents set aside for regulatory purposes; • the short duration allowed for investments of cash and cash equivalents held for regulatory purposes which, by their nature, generate low investment yields; • a current view that already low market yields are unlikely to move materially lower; and • the broad natural hedge of floating rate borrowings provided by the significant balances of cash and cash equivalents held effectively at floating rates of interest. At 31 December 2021, consolidated net interest expense cover by adjusted EBITDA was 17.9 times (2020: 18.8 times) and the floating rate component of total debt was 18% (2020: 16%). Where the Group has committed to M&A transactions and is exposed to prospective interest rate risk on borrowings, the Group Treasury function will assess the exposure and consider hedging solutions that conform with policy and seek to limit future interest costs. In the Group's CCPs, interest bearing assets are generally invested in secured instruments or structures and for a longer term than interest bearing liabilities, whose interest rate is reset daily. This makes investment revenue vulnerable to volatility in overnight rates and shifts in spreads between overnight and term rates. Interest rate exposures (and the risk to CCP capital) are managed within defined risk appetite parameters against which sensitivities are monitored daily. **Interest rate benchmark reform** The Group's revolving credit and term loan bank borrowing facilities were successfully transitioned to alternative benchmark interest rates in November 2021 whereby the US dollar and sterling LIBOR were replaced with Secured Overnight Financing Rate (SOFR) and Sterling Overnight Index Average (SONIA) (including a market standard credit adjustment spread). Where applicable, intragroup lending arrangements adopted alternative benchmark rates in January 2022. The LCH Group successfully completed benchmark reform for Swiss franc, euro, sterling and Japanese yen LIBOR referenced contracts. All affected contracts were converted to their respective Risk-Free Rate (RFR). Remaining euro contracts referencing Euro Overnight Index Average (EONIA) were also successfully transitioned to Euro Short-term Rate (€STR) where applicable. The LCH Group's structured approach to the conversion process helped members and clients manage their transition to RFRs smoothly and efficiently. There has been no change to the Group's risk management strategy due to the transition to alternative benchmark rates. In its review of the sensitivities to potential movements in interest rates, the Group has considered interest rate volatility over the last year and prospects for rates over the next 12 months. It has concluded that a 1 percentage point upward movement (with a limited prospect of material downward movement) reflects a reasonable level of risk to current rates. At 31 December 2021, if interest rates on cash and cash equivalents and borrowings had been 1 percentage point higher with all other variables held constant, profit after tax for the year would have been £10 million higher (2020: £10 million higher) mainly as a result of higher interest income on floating rate cash and cash equivalents partially offset by higher interest expense on floating rate borrowings. At 31 December 2021, at the CCP level (in aggregate), if interest rates on the common interest bearing member liability benchmarks of EONIA, Fed Funds and SONIA, (for euro, US dollar and sterling liabilities respectively), had been 1 percentage point higher, with all other variables held constant, the Group's profit after tax would have been £1 million lower (2020: £2 million lower).

3. Business combinations

Accounting policy

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at fair value, and the value of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and recognised as non-underlying transaction costs in the income statement.

Goodwill is initially measured at cost being the amount by which the aggregate of the consideration transferred and the amount recognised for non-controlling interests (plus any previous interest held), exceeds the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is more than the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the income statement.

Significant accounting judgements

Assessing lock-up provisions when valuing consideration shares

In accordance with IFRS 13 *Fair Value Measurement*, the fair value of consideration shares should take into account any restrictions on the sale or use of those shares. If those restrictions relate to the shares rather than to the holder of the shares, a market participant would take those restrictions into account in determining the price they would pay for those shares. LSEG acquired the issued share capital of Refinitiv Parent Limited and, in exchange, LSEG issued voting and limited-voting ordinary shares. Each limited-voting share includes a right to convert the instrument into an ordinary voting share (provided that a 30% voting rights restriction for the previous Refinitiv shareholders is not breached). Were the Refinitiv shareholders to sell the limited-voting shares to a market participant, the market participant would hold these as ordinary voting shares. Similarly, lock-up provisions are only applicable to the Refinitiv shareholders and are also not considered an attribute of the shares. It was therefore determined that there is no fair value difference between the voting and limited-voting shares issued as consideration.

Significant accounting estimates and assumptions

Intangible assets acquired as part of a business combination

The fair value of acquired intangible assets (and therefore the resulting goodwill recognised on acquisition) is significantly affected by a number of factors. These include management's best estimates of future performance (i.e. forecast revenue, expected revenue attrition, forecast operating margin and contributory assets changes) and estimates of the return required to determine an appropriate discount rate (in order to calculate the net present value of the assets).

Fair value of equity-settled share-based payment awards granted by Tradeweb

Estimating fair value for share-based payment awards requires determination of the most appropriate valuation model. This depends on the terms and conditions of the grant. It also requires determination of the most appropriate inputs to the valuation model. The Group measured the fair value of outstanding equity-settled share-based payment awards granted by Tradeweb as if the acquisition date were the grant date and used the Black-Scholes model.

3.1 Refinitiv acquisition

On 29 January 2021, the Group acquired Refinitiv, a company based in the Cayman Islands and headquartered in London and New York. Refinitiv is a leading global provider of market and financial data and infrastructure, delivering data, insight and analytics.

At acquisition, Refinitiv held an approximate 52% economic interest in Tradeweb Markets Inc. (Tradeweb) and its subsidiaries (the Tradeweb group). Tradeweb is a US company and the holding company of Tradeweb Markets LLC, which offers electronic marketplaces for trading fixed income, derivatives, money market and equity products. Tradeweb operates as a standalone, publicly listed entity.

The acquisition of Refinitiv is a transformational transaction, strategically and financially, and positions the Group for long-term sustainable growth. Refinitiv brings highly complementary capabilities in data, analytics and capital markets.

The combination of LSEG and Refinitiv is expected to deliver significant benefits for customers, and in particular is intended to:

- transform LSEG's position and create a global financial markets infrastructure leader of the future
- strengthen LSEG's global footprint and accelerate its successful growth strategy across multiple key financial centres and jurisdictions, including in North America (the world's largest financial market), Asia and fast-growing emerging markets
- significantly enhance LSEG's customer proposition in data and analytics, utilising the combined business's intellectual property to offer innovative new services
- complement LSEG's existing multi-asset class growth strategy to create a global multi-asset class capital markets business with the addition of high-growth foreign exchange and fixed income venues
- deepen and expand LSEG's and Refinitiv's shared core principles of open access and customer partnership

At 29 January 2021, the purchase price allocation (PPA) was prepared on a provisional basis in accordance with IFRS 3. During the measurement period, the Group finalised:

- the valuation of the intangible assets recognised on acquisition
- the valuation of certain right-of-use property assets
- the measurement of deferred tax liabilities assumed on acquisition

Adjustments were made to the provisional PPA, which was disclosed in the Group's condensed consolidated financial statements for the six months ended 30 June 2021, resulting in:

- decrease in the fair value of customer contracts and relationships (intangible assets) of US$100 million (£73 million)
- decrease in right-of-use property assets of US$109 million (£80 million)
- decrease in net assets of US$14 million (£10 million)
- decrease in the net deferred tax liabilities of US$188 million (£138 million)
- decrease in the non-controlling interest of US$87 million (£63 million)
- resulting decrease in goodwill of US$52 million (£38 million)

Details of the purchase consideration, non-controlling interest, net assets acquired and goodwill are set out below.

Purchase consideration

	Number of shares (million)	US$m	£m
Ordinary shares issued			
– to the sellers	198	22,703	16,570
– to the Management Incentive Plan (MIP) participants	6	547	399
	204	23,250	16,969
Fair value of equity-settled share-based payment awards (attributable to pre-acquisition services rendered)		3	2
Purchase consideration		23,253	16,971

Under the terms of the Stock Purchase Agreement, LSEG (directly and through certain wholly owned subsidiaries) acquired the entire issued share capital of Refinitiv Parent Limited and, in exchange, LSEG issued 204,225,968 shares (comprising 136,870,442 listed LSEG ordinary shares and 67,355,526 unlisted LSEG limited-voting ordinary shares). The limited-voting ordinary shares rank pari passu with the LSEG ordinary shares. Based on LSEG's issued share capital at completion, the total shares amounted to an economic interest in LSEG plc of approximately 37% but less than 30% of the total voting rights in LSEG.

Of the total number of shares issued, 179,610,123 shares were issued on 29 January 2021 and the remaining 24,615,845 shares were issued on 1 March 2021.

Shares issued to the sellers

The fair value of the 198,184,632 shares issued as part of the consideration paid to the sellers, excluding the MIP participants, of £16,570 million, was based on the opening share price on 29 January 2021 of £83.94 adjusted for the valuation difference of deferred shares issued on 1 March 2021.

The same value per share was applied to the voting and the limited-voting shares, as explained above.

Shares issued to the MIP participants

Members of Refinitiv's senior management team participated in the MIP set up by Refinitiv Holdings Limited (now York Parent Limited). The MIP was designed to retain management, incentivise performance and share growth in Refinitiv's value. Under the MIP, management acquired shares in York Parent Limited.

To improve retention of the MIP participants, amendments were made to the MIP to include additional service vesting conditions.

The fair value of the 6,041,336 shares issued as part of the consideration paid to the MIP participants of £399 million was measured in accordance with IFRS 3 and IFRS 2 *Share-based Payment*.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised fair value of the identifiable assets acquired and liabilities assumed at the acquisition date:

	Notes	Acquired value US$m	Acquired value £m
Assets			
Non-current assets			
Property, plant and equipment	14	929	678
Intangible assets	15	17,224	12,570
Investments in associates		12	9
Deferred tax assets	11	749	547
Investments in financial assets – equity instruments	18	30	22
Retirement benefit assets	28	522	381
Other non-current assets		275	200
		19,741	14,407
Current assets			
Trade and other receivables		1,582	1,154
Derivative financial instruments		2	2
Current tax receivable		49	36
Cash and cash equivalents		1,267	925
		2,900	2,117
Liabilities			
Current liabilities			
Trade and other payables		(1,419)	(1,036)
Contract liabilities	25	(839)	(612)
Derivative financial instruments		(48)	(35)
Current tax payable		(77)	(55)
Other current liabilities		(14)	(11)
		(2,397)	(1,749)
Non-current liabilities			
Borrowings	26	(14,336)	(10,462)
Deferred tax liabilities	11	(1,890)	(1,379)
Retirement benefit obligations	28	(136)	(99)
Provisions	27	(42)	(31)
Other non-current liabilities		(1,141)	(833)
		(17,545)	(12,804)
Fair value of identifiable net assets acquired		2,699	1,971

The identified intangible assets are as follows:

	US$m	£m	Estimated useful lives
Customer contracts and relationships	10,116	7,383	13-20 years
Databases and content	3,286	2,398	5-12 years
Trade names	1,347	983	5-15 years
Licences	272	199	5-15 years
Software	2,134	1,557	3-13 years
Contract costs	61	44	3 years
Other	8	6	
	17,224	12,570	

The fair value of assets acquired and liabilities assumed was determined based on assumptions that reasonable market participants would use in the principal (or most advantageous) market for the asset or liability. The following assumptions, the majority of which include significant unobservable inputs (Level 3 of the fair value hierarchy, described in note 19), and valuation methodologies were used to determine fair value:

- **Customer contracts and relationships** – The income approach: multi-period excess earnings method (MEEM) was used. The value of the intangible asset is estimated from the residual earnings after fair returns on all other assets employed (including other intangible assets) have been deducted from the business's after-tax operating earnings – so called 'contributory asset charges'. The MEEM approach comprises the following steps:
  a. Forecasting revenues attributable solely to existing assets (e.g. revenue associated with existing customer contracts and relationships). This will include estimating expected revenue attrition (e.g. of customers) over time, as well as forecasting any revenue growth (e.g. expected from existing customers)
  b. Applying an appropriate operating margin to forecast sales
  c. Applying an appropriate tax charge to estimate post-tax cash flows
  d. Applying post-tax contributory asset charges to reflect the return required on other tangible and intangible assets that contribute to the generation of the forecast cash flows
  e. Discounting the resulting net post-tax cash flows, using an appropriate discount rate to arrive at the net present value

Notes to the financial statements continued

- **Databases and content, trade names and internally developed computer software** – The income approach: relief from royalty method was used. The value of the asset is estimated from the value of saved or avoided future royalty payments over the life of the asset by virtue of owning the asset. In summary, the steps which the method comprise are:
  a. Forecasting the revenue that is derived using the asset (e.g. trade name or technology)
  b. Estimating an arm's length royalty rate that would be paid for the use of each asset
  c. Applying this royalty rate to the projected revenue relating to each asset over the economic life
  d. Deducting income tax from the net royalty stream
  e. Selecting and applying an appropriate discount rate to the after-tax royalty stream to derive a net present value
- **Broker-dealer licences** – The income approach: with or without method was used. The fair value is estimated based on income streams, such as cash flows or earnings, discounted to a present value. These discounted cash flows are calculated both with the asset and without the asset. The difference in the cash flows is discounted to the present value to determine the value of the asset.
- **Deferred revenue (contract liabilities)** – The income approach: top down approach was used. Costs for activities (sales commissions) that have already been performed to generate future revenue that has not yet been recognised, and a notional profit on those activities that a market participant would expect in order to take on the performance obligations, are deducted from the market value of the deferred revenue. The result is discounted to present value.
- **Lease liabilities and right-of-use assets** – The Group measured the acquired lease liabilities using the present value of the remaining lease payments as if the leases were new leases at the date of acquisition. The corresponding right-of-use assets were measured at an amount equal to the lease liabilities, adjusted to reflect favourable or unfavourable terms of the leases when compared with market terms.
- **Borrowings** – The book value of debt assumed has been adjusted to its fair value. On acquisition of Refinitiv, the Group refinanced the Refinitiv third-party debt. The fair value is therefore the cost to settle the debt.
- **Retirement benefit assets and obligations** – Substantially all of Refinitiv's employees participate in defined benefit and defined contribution employee future benefit plans. Significant defined benefit plans are measured in terms of IAS 19 Employee Benefits using the projected unit credit method.

Within trade and other receivables of £1,154 million (US$1,582 million), the fair value of the trade receivables amounts to £876 million (US$1,200 million). The gross amount of trade receivables is £883 million (US$1,210 million) and it is expected that the full contractual amounts can be collected.

The deferred tax liability mainly comprises the tax effect of the intangible assets.

Non-controlling interest

The Group elected to measure the non-controlling interest in Tradeweb at the non-controlling interest's proportionate share (48%) in the identifiable net assets.

	US$m	£m
Non-controlling interest based on the unowned proportionate interest (48%) of net assets	1,642	1,198
Fair value of equity-settled share-based payment awards (attributable to pre-acquisition services rendered)	335	244
Non-controlling interest	**1,977**	**1,442**

The fair value of the outstanding equity-settled share-based payment awards granted by Tradeweb was measured in accordance with IFRS 3 and IFRS 2 as if the acquisition date were the grant date and using the Black-Scholes model. The fair value was allocated to the non-controlling interest based on the proportion of the share awards attributable to pre-acquisition services.

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	Note	US$m	£m
Purchase consideration		23,253	16,971
Less: Fair value of identifiable net assets acquired		(2,699)	(1,971)
Non-controlling interest		1,977	1,442
Goodwill	15	**22,531**	**16,442**

The goodwill is attributable to:
- growth in the underlying business
- future data and technology not yet developed
- expected synergies which will drive growth in the combined business

Goodwill is allocated to the Data & Analytics and Tradeweb CGUs (refer to note 15). Goodwill recognised of £1,150 million (US$1,575 million) is expected to be deductible for income tax purposes.

Revenue and profit before tax

From the date of acquisition, Refinitiv contributed:
- revenue of £4,653 million
- total income of £4,671 million
- operating profit before non-underlying items of £1,482 million
- profit before tax (from continuing operations) of £328 million

If the acquisition had occurred on 1 January 2021, estimated Group revenue for the period from continuing operations would have been £7,165 million, with operating profit before non-underlying items of £2,509 million.

Acquisition related costs

The Group incurred acquisition related costs of £99 million primarily on adviser and professional fees and management retention costs. These costs are recognised as non-underlying transaction costs (refer to note 9).

3.2 NFI acquisition

On 25 June 2021, the Tradeweb group acquired all of the outstanding equity interests of Execution Access, LLC, Kleos Managed Services Holdings, LLC and Kleos Managed Services, L.P. (collectively the NFI Acquisition). The all-cash purchase price of US$190 million (£137 million) is:

- net of cash acquired (US$34 million (£24 million))
- net of deposits with clearing organisations acquired (US$18 million (£14 million))

Execution Access, LLC is a limited liability company organised in the state of Delaware and is a broker-dealer registered with the US Securities and Exchange Commission (SEC) and Financial Industry Regulatory Authority. The platform (formerly known as eSpeed), acquired from Nasdaq, is a fully executable central order limit book for electronic trading in 'on-the-run' US government bonds.

The PPA has been prepared on a provisional basis in accordance with IFRS 3. If new information obtained within one year of the acquisition date, about facts and circumstances that existed at the acquisition date, identifies adjustments to the amounts below or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised. The primary areas not yet finalised relate to the valuation of the identifiable intangible assets and software, and final working capital adjustments.

Goodwill arising from the acquisition has been recognised as follows:

	Notes	US$m	£m
Purchase consideration, including cash and deposits with clearing organisations acquired		**242**	**175**
Less: Fair value of identifiable net assets acquired			
– Intangible assets: Customer relationships	15	**(101)**	**(73)**
– Intangible assets: Software	15	**(1)**	**(1)**
– Other non-current assets		**(1)**	**(1)**
– Other current assets		**(22)**	**(15)**
– Cash and cash equivalents		**(34)**	**(24)**
– Current liabilities		**2**	**2**
Fair value of identifiable net assets acquired		**(157)**	**(112)**
Goodwill	15	**85**	**63**

The fair values were determined based on assumptions that reasonable market participants would use in the principal (or most advantageous) market and primarily included significant unobservable inputs (Level 3 of the fair value hierarchy, described in note 19). Customer relationships were valued using the income approach, the same approach used to value the Refinitiv customer relationships.

The acquired software development costs will be amortised over a useful life of one year and the customer relationships will be amortised over a useful life of 13 years.

The goodwill recognised in connection with the NFI Acquisition is primarily attributable to the acquisition of an assembled workforce and expected synergies from the integration of the operation of the NFI Acquisition into the Tradeweb group's operations. The goodwill has been allocated to the Group's Tradeweb CGU and is expected to be deductible for income tax purposes.

Revenue and profit

From the date of acquisition, NFI contributed revenue of £4 million (US$5 million) and profit before tax of £1 million (US$1 million).

Acquisition related costs

The Group incurred acquisition related costs of £3 million (US$5 million), which are recognised as non-underlying transaction costs (refer to note 9).

3.3 Quorate Acquisition

On 4 August 2021, the Group acquired Quorate Technology Limited, a specialist provider of automatic speech processing solutions. Quorate was founded in 2012 as a spin-out from the Centre for Speech Technology Research at The University of Edinburgh. This acquisition will enable the Group to own and develop automatic speech processing capabilities in order to better serve its customers and their evolving needs.

The consideration was £15 million: £12 million paid upfront in cash and a further £3 million deferred over three years conditional on the delivery of product milestones. The provisional fair value of the net assets acquired is £nil million. We have therefore concluded that the total consideration (of £15 million) should be recognised as goodwill and provisionally allocated to the Tradeweb CGU. Quorate is complementary to the Group's existing business and there is expected to be future cash flow growth from the combined business.

4. Disposal of business and discontinued operations

Accounting policy

The Group classifies non-current assets and disposal groups as held for sale if the carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of the carrying amount or fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset or disposal group, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the asset or disposal group will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale is expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets classified as held for sale are presented separately within current assets on the balance sheet.

An operation is regarded as a discontinued operation if it is held for sale or has already been sold and comprised a major line of business or geographical area of operation. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount of profit or loss after tax from discontinued operations in the income statement. The comparative results are re-presented accordingly to show the continuing operations.

All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

Disposal of the Borsa Italiana group
On 13 January 2021, the disposal of the Borsa Italiana group was judged to be highly probable and the group was treated as a disposal group from that date until 29 April 2021, the date of disposal. The Borsa Italiana group is a discontinued operation as a result of its size and geographical area of operation. Its results have been excluded from the continuing results of the Group for the year ended 31 December 2021. The results for 31 December 2020 have been re-presented to exclude the Borsa Italiana group results from the continuing operations of the Group.

The Borsa Italiana group was sold for consideration of £3,876 million (€4,444 million), realising a profit on sale for the Group of £2,519 million.

The results for the Borsa Italiana group included in the income statement and statement of comprehensive income as discontinued operations are as follows:

	2021 £m	2020 £m
Income statement		
Total income	**146**	414
Cost of sales and operating expenses excluding non-underlying amortisation	**(52)**	(185)
Adjusted profit before tax	**94**	229
Non-underlying expenses	**(4)**	(36)
Profit before tax	**90**	193
Taxation	**(6)**	(60)
Profit on disposal (see below)	**2,519**	–
Profit from discontinued operations	**2,603**	133
Other comprehensive income		
Recycled amount from hedging reserve on disposal	**17**	–
Net (losses)/gains from debt instruments held at FVOCI	**(10)**	9
Foreign exchange (losses)/gains on translation in the period	**(53)**	73
Cumulative foreign exchange adjustments recycled on disposal	**(62)**	–
Tax on items in other comprehensive income	**3**	(1)
Other comprehensive income from discontinued operations	**(105)**	81
Total comprehensive income from discontinued operations	**2,498**	214

The profit on disposal was calculated as follows:

	2021 £m	2020 £m
Cash consideration received	**3,876**	–
Net assets disposed	**(1,413)**	–
Non-controlling interests disposed	**65**	–
Recycling of cumulative foreign exchange translation reserve	**62**	–
Recycling of amounts held in hedging reserve	**(17)**	–
Transaction costs	**(46)**	–
Other expenses	**(8)**	–
Profit on disposal	**2,519**	–

The results for the Borsa Italiana group included in the cash flow statement as discontinued operations are as follows:

	2021 £m	2020 £m
Cash consideration received on disposal	**3,876**	–
Cash disposed	**(284)**	–
Net cash inflow from operating activities	**23**	125
Net cash outflow from investing activities	**(2)**	(26)
Net cash outflow from financing activities	**(6)**	–
Foreign exchange translation (of cash and cash equivalents)	**(10)**	–
Net cash flow from discontinued operations	**3,597**	99

As part of the disposal agreement the Group continues to provide services to the Borsa Italiana group on an arm's length basis.

5. Segment information

The Group has reorganised its operating units following the acquisition of Refinitiv and has realigned its segment reporting to reflect management structure changes. The Group now uses three main operating segments:

- **Data & Analytics** includes the division formerly reported as Information Services as well as the core Refinitiv business
- **Capital Markets** includes the former Capital Markets division plus the former Technology Services segment as well as Refinitiv's Tradeweb and FXall businesses
- **Post Trade** includes the Group's CCPs and other post trade services

The segment results for the comparative period have been re-presented to align with the new structure. There is no change to the overall result. All results are on a continuing basis and exclude the results of the Borsa Italiana group, which was disposed of during the year (refer to note 4).

The Executive Committee monitors the operating results of its divisions separately for the purpose of making decisions about resource allocation and in assessing performance. The Executive Committee uses a measure of adjusted EBITDA to assess the performance of the operating segments.

Sales between segments are carried out at arm's length and are eliminated on consolidation.

Results by operating segment for the year ended 31 December 2021 are as follows:

Continuing operations	Notes	Data & Analytics £m	Capital Markets £m	Post Trade £m	Other £m	Group £m
Revenue from external customers[1]	6	4,618	1,177	706	1	6,502
Net treasury income from CCP clearing business	6, 19	–	–	207	–	207
Other income	6	–	–	–	31	31
Total income		4,618	1,177	913	32	6,740
Cost of sales		(712)	(27)	(123)	–	(862)
Gross profit		3,906	1,150	790	32	5,878
Adjusted operating expenses before depreciation, amortisation and impairment		(1,909)	(537)	(331)	(14)	(2,791)
Income from equity investments		–	–	–	22	22
Share of loss after tax of associates		–	–	–	(4)	(4)
Adjusted earnings before interest, tax, depreciation, amortisation and impairment		1,997	613	459	36	3,105
Underlying depreciation, amortisation and impairment	14, 15	(522)	(112)	(97)	10	(721)
Adjusted operating profit (before non-underlying items)		1,475	501	362	46	2,384
Non-underlying depreciation, amortisation and impairment	9	–	–	–	–	(887)
Other non-underlying items excluding net finance expense	9	–	–	–	–	(339)
Operating profit						1,158
Net finance expense (including non-underlying items)	10	–	–	–	–	(171)
Profit before tax from continuing operations						987
Profit before tax from discontinued operations	4	–	–	–	–	2,609
Profit before tax						3,596

1 Data & Analytics revenue includes recoveries of £324 million. Post Trade revenue includes net settlement and similar expenses recovered from the CCP clearing businesses of £12 million which comprise gross settlement income of £46 million less gross settlement expense of £34 million

Notes to the financial statements continued

Re-presented results by operating segment for the year ended 31 December 2020 are as follows:

Continuing operations	Notes	Data & Analytics £m	Capital Markets £m	Post Trade £m	Other £m	Group £m
Revenue from external customers[1]	6	824	288	646	2	1,760
Net treasury income from CCP clearing business	6, 19	–	–	269	–	269
Other income	6	–	–	–	1	1
Total income		824	288	915	3	2,030
Cost of sales		(66)	(5)	(137)	–	(208)
Gross profit		758	283	778	3	1,822
Adjusted operating expenses before depreciation, amortisation and impairment		(288)	(144)	(309)	(8)	(749)
Income from equity investments		–	–	–	–	–
Share of loss after tax of associates		–	–	–	(4)	(4)
Adjusted earnings before interest, tax, depreciation, amortisation and impairment		470	139	469	(9)	1,069
Underlying depreciation, amortisation and impairment	14, 15	(51)	(39)	(90)	–	(180)
Adjusted operating profit/(loss) (before non-underlying items)		419	100	379	(9)	889
Non-underlying depreciation, amortisation and impairment	14, 15	–	–	–	–	(159)
Other non-underlying items excluding net finance expense	9	–	–	–	–	(168)
Operating profit						562
Net finance expense (including non-underlying items)	10	–	–	–	–	(70)
Profit before tax from continuing operations						492
Profit before tax from discontinued operations	4	–	–	–	–	193
Profit before tax						685

1 Post Trade revenue included net settlement and similar expenses recovered from the CCP clearing businesses of £9 million which comprise gross settlement income of £38 million less gross settlement expense of £29 million

6. Total income

Accounting policy

The Group reports total income, which is made up of:

- Revenue
- Net treasury income
- Other income

Revenue

The main source of the Group's revenue is fees for services provided. Revenue is measured based on the consideration specified in a contract with a customer. Amounts excluded from revenue relate to:

- discounts
- value added tax and other sales related taxes
- revenue share arrangements (whereby as part of an operating agreement amounts are due back to the customer)
- pass-through costs where the Group acts as an agent and has arrangements to recover specific costs from its customers with no mark up

The Group recognises revenue as services are performed and as it satisfies its obligations to provide a product or service to a customer. The Group's revenue accounting policies are set out below:

Data & Analytics

The Data & Analytics division generates revenue by providing information and data products including indexes, benchmarks, real-time pricing data and trade reporting and reconciliation services.

Data subscription and index licence fees are recognised over the licence or usage period in line the Group's obligation to deliver data consistently throughout the licence period. Services are billed on a monthly, quarterly or annual basis.

Other information services include licences to the regulatory news service and reference data businesses. Revenue from licences that grant the right to access intellectual property are recognised over time, consistent with the pattern of the service provision and how the performance obligation is satisfied throughout the licence period. Revenues from other information services, including from the sale of right to use licences, are recognised at the point the licence is granted or service is delivered.

Various **brokerage processing, risk solutions and professional services**, which are generally billed in arrears, are recognised as revenue at the point in time when the Group meets its obligation to complete the transaction or service.

Recoveries consist of fees for third-party content, such as exchange data that is distributed directly to customers, and communications fees. Recoveries are generally recognised over the contract term.

Capital Markets

Revenue in the Capital Markets division is generated from: Primary and Secondary market services; contracts to develop capital market technology solutions; software licences; network connections; and hosting services.

Primary market initial admission and the ongoing listing services represent one performance obligation and the Group recognises revenue from initial admissions and any further issues over the period that the Group provides the listing services. All admission fees are billed to the customer at the time of admission to trading and become payable when invoiced.

Primary market annual fees, secondary market membership and subscription fees are generally paid in advance on the first day of the membership or subscription period. The Group recognises revenue on a straight-line basis over the period to which the fee relates, as this reflects the extent of the Group's progress towards completion of the performance obligation under the contract.

Revenue from **secondary market trading and associated capital market services** is recognised on a per transaction basis at the point that the service is provided.

Capital markets software licence contracts contain multiple deliverables including: providing licences; installing software; and ongoing maintenance services. The transaction price for each contract is allocated to these performance obligations based upon the relative standalone selling price. Revenue is recognised based on the actual service provided during the reporting period, as a proportion of the total services to be provided. This is determined by measuring the inputs consumed in delivering the service (for example, material and labour) relative to the total expected input consumption over the contract. This best reflects the transfer of assets to the customer which generally occurs as the Group incurs costs on the contract.

Network connection and hosting services revenues are recognised on a straight-line basis over the period to which the fee relates as this reflects the continuous transfer of technology services and measures the extent of progress towards the completion of the performance obligation.

Post Trade

Revenue in the Post Trade division is generated from clearing, settlement and other post trade services.

Over-the-counter (OTC) derivatives and securities & reporting generate fees from individual transactions or contracts cleared and settled, transaction reporting, risk management and other financial resources management services.

Non-cash collateral fees are earned from handling non-cash collateral balances.

These revenues are earned at the point in time where the Group meets its obligations to complete the transaction or service. In cases where there is a fixed annual fee for a service, revenue is recognised and billed monthly in arrears.

Where the Group's performance obligations are completed over time, revenue is recognised on a straight-line basis over that period, representing the continuous transfer of services during that time.

Other

Fees are generated from the provision of events and media services, which are typically recognised as revenue at the point the service is rendered.

Customer contracts across the Group that contain a single performance obligation at a fixed price do not require variable consideration to be calculated. Certain businesses in the Group provide services to customers under a tiered or tariff pricing structure that generates a degree of variability in the revenue streams from the contract as a result of discounts given. Where the future revenue from a contract varies due to factors that are outside of the Group's control, the Group limits the total transaction price at contract inception and recognises the minimum expected revenue guaranteed by the terms of the contract over the contract period. Any variable element is subsequently recognised in the period in which the variable factor occurs.

Rebates given to customers as part of an operating agreement are calculated on a pro rata basis on revenue earned and recognised as they fall due.

The Group does not have any contracts where the period between the transfer of services to a customer and when the customer is expected to pay for that service is longer than one year: consequently, no adjustments are made to transaction prices for any financing component.

Net treasury income
Total income recognised in the CCP clearing businesses includes net treasury income earned on cash assets lodged with the CCP as margin and default funds as part of the risk management process. Net treasury income is the result of interest paid to members at an overnight benchmark rate minus a spread and interest income earned beyond the benchmark rate. Net treasury income is shown separately from the Group's revenue. Where negative interest rates apply, the Group recognises interest paid on cash assets as a treasury expense and interest received on clearing members' margin as treasury income.

Other income
Other income typically relates to operating lease income and fees from service agreements.

Cost of sales
Cost of sales comprises data and licence fees, data feed costs, expenses incurred in respect of profit share arrangements, costs directly attributable to the construction and delivery of goods or services, and any other costs linked and directly incurred to generate revenues and provide services to customers.

Profit share expenses recognised as cost of sales relate to arrangements with customers where the rebate to the customer is linked to the total profit of the Group entity.

Significant accounting estimates and assumptions

Expected service period for admission and listing in the Primary Markets business

As described above for Capital Markets, fees for primary market initial admission are combined with ongoing listing services as one performance obligation. Initial admission fees are spread over the estimated period for admission services which is determined by using historical analysis of listing durations in respect of the companies on our markets. The estimated service period inherently incorporates an element of uncertainty in relation to the length of a customer listing, which is subject to factors outside of the Group's control. The estimated service periods are reassessed at each reporting date to make sure the period reflects the Group's best estimates. The current estimated deferral period is five years or seven years, depending on the market. The Group estimates that a one year decrease in the deferral period would cause an estimated £24 million increase in revenue and a one year increase in the deferral period would cause an estimated £23 million decrease in revenue recognised in the year.

The Group's revenue from contracts with customers disaggregated by segment, major product and service line, and timing of revenue recognition for the year ended 31 December 2021 is shown below:

Continuing operations	Data & Analytics £m	Capital Markets £m	Post Trade £m	Other £m	Group £m
Revenue from external customers					
Major product and service lines					
Trading & banking solutions	1,364	–	–	–	1,364
Enterprise data solutions	1,050	–	–	–	1,050
Investment solutions	1,117	–	–	–	1,117
Wealth solutions	433	–	–	–	433
Customer & third-party risk solutions	330	–	–	–	330
Recoveries	324	–	–	–	324
Equities	–	241	–	–	241
FX	–	204	–	–	204
Fixed income, derivatives and other	–	732	–	–	732
OTC derivatives	–	–	358	–	358
Securities & reporting	–	–	253	–	253
Non-cash collateral	–	–	95	–	95
Other	–	–	–	1	1
Total revenue	4,618	1,177	706	1	6,502
Net treasury income	–	–	207	–	207
Other income	–	–	–	31	31
Total income	4,618	1,177	913	32	6,740
Timing of revenue recognition					
Services satisfied at a point in time	324	790	677	1	1,792
Services satisfied over time	4,294	387	29	–	4,710

Continuing operations	Data & Analytics £m	Capital Markets £m	Post Trade £m	Other £m	Group £m
Total revenue	**4,618**	**1,177**	**706**	**1**	**6,502**

The Group's re-presented revenue from contracts with customers disaggregated by segment, major product and service line, and timing of revenue recognition for the year ended 31 December 2020 is shown below:

Continuing operations	Data & Analytics £m	Capital Markets £m	Post Trade £m	Other £m	Group £m
Revenue from external customers					
Major product and service lines					
Trading & banking solutions	17	–	–	–	17
Enterprise data solutions	128	–	–	–	128
Investment solutions	679	–	–	–	679
Equities	–	227	–	–	227
Fixed income, derivatives and other	–	61	–	–	61
OTC derivatives	–	–	334	–	334
Securities & reporting	–	–	230	–	230
Non-cash collateral	–	–	82	–	82
Other	–	–	–	2	2
Total revenue	824	288	646	2	1,760
Net treasury income	–	–	269	–	269
Other income	–	–	–	1	1
Total income	824	288	915	3	2,030
Timing of revenue recognition					
Services satisfied at a point in time	6	161	625	2	794
Services satisfied over time	818	127	21	–	966
Total revenue	824	288	646	2	1,760

Geographical disclosures

The Group's revenue from continuing operations disaggregated by geographical location of service provided is as follows:

Continuing operations	2021 £m	2020 (Re-presented) £m
UK	**2,035**	1,150
USA	**2,325**	405
EU countries	**875**	163
Asia	**787**	20
Other	**480**	22
Total revenue	**6,502**	1,760

7. Operating expenses before depreciation, amortisation and impairment

Operating expenses before depreciation, amortisation and impairment comprise the following:

Continuing operations	Notes	2021 £m	2020 (Re-presented) £m
Employee costs	8	**1,702**	464
IT costs		**467**	127
Professional fees		**333**	55
Short-term lease costs		**43**	–
Other costs		**256**	97
Foreign exchange (gains)/losses		**(10)**	6
Underlying operating expenses before depreciation, amortisation and impairment		**2,791**	749
Non-underlying operating expenses before depreciation, amortisation and impairment	9	**339**	168
Total operating expenses before depreciation, amortisation and impairment		**3,130**	917

8. Staff costs

Employee costs for continuing operations comprise the following:

Continuing operations	Notes	2021 £m	2020 (Re-presented) £m
Salaries and other benefits		**1,661**	413
Social security costs		**166**	59
Pension costs	28	**82**	27
Share-based payment expense	29	**141**	44
Total payments made to employees		**2,050**	543
Amounts capitalised as development costs	15	**(192)**	(72)
Total staff costs		**1,858**	471
Underlying staff costs	7	**1,702**	464
Non-underlying staff costs	9	**156**	7
Total staff costs		**1,858**	471

Refer to note 32 for compensation for key management personnel.

The average number of employees, including executive directors, in the Group from continuing operations was:

Continuing operations	2021 £m	2020 (Re-presented) £m
UK	**4,416**	1,772
USA	**3,929**	683
India	**5,762**	–
EU countries	**2,132**	440
Philippines	**1,974**	–
Sri Lanka	**1,423**	1,238
China	**1,373**	–
Other Asia	**1,717**	375
Africa and Middle East	**640**	–
Other	**792**	18
Average number of employees	**24,158**	4,526

Average employee numbers represent full time equivalent members of staff and are calculated from the date of acquisition of subsidiary companies purchased in the year and up to the date of disposal of businesses sold in the year. Employees from discontinued operations have been excluded.

The Company had no employees in the year (2020: nil).

9. Non-underlying items

Significant accounting judgements

The Group separately identifies results before non-underlying items (adjusted). This provides the reader with supplemental data relevant to an understanding of the Group's financial performance, as non-underlying items of income and expense are material by their size and/or nature.

The Group uses its judgement to classify items as non-underlying. These include:

- Incremental depreciation, amortisation and impairment of any fair value adjustments of tangible or intangible assets recognised as a result of acquisitions
- Amortisation and impairment of goodwill and purchased intangible assets. Purchased intangible assets include customer relationships, trade names, and databases and content, all of which are as a result of acquisitions
- Other income or expenses not considered to drive the operating results of the Group (including integration, restructuring and transaction costs)
- Tax on non-underlying items

Continuing operations	Notes	2021 £m	2020 (Re-presented) £m
Non-underlying operating expenses before interest, tax, depreciation, amortisation and impairment			
Transaction costs		**114**	173
Integration costs		**225**	–
Restructuring credit		–	(5)
		339	168
Non-underlying depreciation, amortisation and impairment			
Depreciation of property, plant and equipment	14	**10**	–
Impairment of property, plant and equipment	14	**22**	–
Impairment of goodwill	15	–	10
Amortisation and impairment of purchased intangible assets	15	**855**	128
Amortisation and impairment of other intangible assets	15	–	21
		887	159
Non-underlying items before interest and tax		**1,226**	327
Non-underlying net finance expense	10	**5**	13
Non-underlying items before tax		**1,231**	340
Tax on non-underlying items		**(131)**	(48)
Non-underlying loss		**1,100**	292

Transaction costs mainly relate to the following acquisitions and include:
- Refinitiv acquisition (refer to note 3):
  - Advisor and professional fees of £38 million
  - Retention bonuses of £12 million
  - Post-acquisition Management Incentive Plan (MIP) share-based payment expense of £10 million (refer to note 29)
  - Fair value adjustment to the outstanding Tradeweb equity-settled awards (as if the acquisition date were the grant date) of £36 million (refer to note 29)
- Acquisition by Tradeweb of Nasdaq's fixed income electronic trading platform (refer to note 3): Acquisition related costs of £3 million

Integration costs relate to activities to:
- Integrate the Refinitiv businesses of £201 million
- Separate the Thomson Reuters Financial & Risk Business from Thomson Reuters and then restructure it. The separation costs of £24 million primarily consist of professional fees, consulting fees and IT charges

The finance expense relates to fees to establish the Bridge Facility to refinance the Refinitiv notes and term loans in full following completion of the Refinitiv acquisition. Further details of the facility are provided in note 26.

The tax impact of the Group's non-underlying items and its adjustment to profit or loss of the individual entities of the Group to which the non-underlying items relate, is computed based on the tax rates applicable to the respective territories in which the entity operates.

10. Net finance expense

Accounting policy

Finance income includes interest on cash deposited, interest income on retirement benefit assets (refer to note 28) and lease interest income (refer to note 24). Finance expense includes interest on borrowings, interest costs on retirement benefit obligations (refer to note 28) and lease interest expense (refer to note 24).

Interest earned on cash deposited with financial counterparties and interest paid on borrowings, which reflect the agreed market-based or contractual rate for each transaction undertaken during the financial period, are calculated using the effective interest rate method. Where negative interest rates apply, the Group recognises interest paid on cash deposits as an expense and interest received on borrowings as income.

Recurring fees and charges levied on committed bank facilities, cash management transactions and the payment services provided by the Group's banks are charged as accrued in other finance expenses. Credit facility arrangement fees are capitalised and then amortised over the term of the facility subject to projected utilisation.

Continuing operations	Notes	2021 £m	2020 (Re-presented) £m
Finance income			
Interest income on retirement benefit assets	28	**41**	1
Bank deposit and other interest income[1]		**3**	3
Lease interest income	24	**2**	1
Other finance income		**–**	1
Underlying finance income		**46**	6
Finance expense			
Interest payable on bank and other borrowings[1]		**(151)**	(56)
Amortisation of arrangement fees		**(12)**	(2)
Interest cost on retirement benefit obligations	28	**(35)**	–
Lease interest expense	24	**(12)**	(3)
Other finance expenses		**(2)**	(2)
Underlying finance expense		**(212)**	(63)
Underlying net finance expense		**(166)**	(57)
Non-underlying finance expense	9	**(5)**	(13)
Total net finance expense		**(171)**	(70)

1 Bank deposit and other interest income includes negative interest earned on the Group's borrowings. Interest payable includes amounts where the Group suffers negative interest on its cash deposits.

Interest payable on bank and other borrowings is net of amortisation of the realised gain on interest rate derivatives held in the hedging reserve.

Net finance expense is earned on assets and liabilities held at amortised cost, except for amounts earned or paid on defined benefit pension scheme assets and liabilities which are held at fair value.

11. Taxation

Accounting policy

Current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income.

Deferred tax is recognised using the liability method for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates that are substantively enacted and expected to apply in the period when the asset is realised or liability settled. Deferred tax assets are recognised to the extent it is probable that they will be recoverable against future taxable profits.

Significant accounting judgements and estimates

Uncertain tax positions

The Group is subject to taxation in the many countries in which it operates. The tax legislation of these countries differs, is often complex and is subject to interpretation by management and the government authorities. These matters of judgement sometimes give rise to the need to create provisions for tax payments that may arise in future years with respect to transactions already undertaken. Provisions are made against individual exposures and take into account the specific circumstances of each case, including the strength of technical arguments, recent case law decisions or rulings on similar issues and relevant external advice. The provision is estimated based on one of two methods: the expected value method (the sum of the probability weighted amounts in a range of possible outcomes) or the single most likely amount method, depending on which is expected to better predict the resolution of the uncertainty. Due to the uncertainty associated with tax audits it is possible that, at some future date, liabilities resulting from such audits or related litigation could vary significantly from our provisions requiring the Group to make an adjustment in a subsequent period which could have a material impact on the Group's profit.

11.1 Income tax

The standard UK corporation tax rate for the year was 19% (2020: 19%).

Continuing operations	Note	2021 £m	2020 (Re-presented) £m
Tax recognised in the income statement			
Current tax			
UK corporation tax for the year		**47**	74
Overseas tax for the year		**84**	79
Adjustments in respect of previous years		**2**	1
Total current tax		**133**	154
Deferred tax			
Deferred tax for the year		**236**	1
Adjustments in respect of previous years		**(9)**	(6)
Deferred tax credit on amortisation and impairment of purchased intangible assets		**(33)**	(11)
Total deferred tax	11.2	**194**	(16)
Total tax		**327**	138

Continuing operations	2021 £m	2020 (Re-presented) £m
Tax on items recognised in other comprehensive income		
Deferred tax (expense)/benefit		
Actuarial gains/losses on retirement benefit obligations	**(25)**	–
Losses/gains of financial assets (at fair value through other comprehensive income)	**1**	(3)
Total tax recognised in other comprehensive income	**(24)**	(3)
Tax on items recognised in equity		
Current tax benefit		
Share-based payments in excess of expense recognised	**12**	12
Deferred tax benefit/(expense)		
Share-based payments in excess of expense recognised	**18**	(3)
Investment in partnerships (recognised in non-controlling interests)	**25**	–
Total tax recognised in equity	**55**	9
Total tax recognised in other comprehensive income and equity	**31**	6

Factors affecting the tax charge for the year

The tax charge for the year differs from that derived from the standard rate of corporation tax in the UK of 19% (2020: 19%) as explained below:

Continuing operations	2021 £m	2020 (Re-presented) £m
Profit before tax from continuing operations	**987**	492
Profit multiplied by standard rate of corporation tax in the UK	**187**	93
Overseas earnings taxed at higher rate	**15**	45
Adjustment arising from changes in tax rates on amortisation of purchased intangible assets	**189**	7
Adjustment arising from changes in tax rates – other	**(18)**	(2)
Income not taxable	**(35)**	(1)
Adjustments in respect of previous years	**(7)**	(5)
Deferred tax not recognised	**(4)**	2
Deferred tax provided for withholding tax on distributable reserves	**–**	(1)
Total tax	**327**	138

On 24 May 2021, the UK Finance Act 2021 was substantively enacted, increasing the corporate tax rate to 25% effective from 1 April 2023. As a result of the change the UK deferred tax assets and liabilities have been remeasured.

During the period the Group completed the sale of the Borsa Italiana group. The gain on disposal of the shares qualifies for UK corporation tax exemption under the substantial shareholding exemption rules.

Uncertain tax positions

EU State Aid

The Group continues to monitor developments in relation to EU State Aid investigations. On 25 April 2019, the EU Commission's final decision regarding its investigation into the UK's Controlled Foreign Company (CFC) regime was published. It concluded that the Finance Company Partial Exemption (FCPE) rules in the UK tax legislation partially represent illegal State Aid. The Group had financing arrangements that utilised the FCPE during this period.

The Group, several other UK PLCs and the UK Government have submitted appeals to the EU General Court to annul the EU Commission's findings. The EU General Court heard those appeals for annulment on 18 October 2021 but has not yet announced a decision, which is expected in 2022.

Until a decision is reached, the UK Government is required to continue recovering amounts determined to be State Aid. In December 2019 and the beginning of 2021, HMRC issued determinations to the Group totaling £10.5 million, excluding interest and penalties, which the Group paid. Our appeal against these determinations is likely to be stayed until the final outcome of all appeals to the EU Courts in respect of the EU Commission's original decision are known.

The issuance and settlement of any such determinations, however, does not change the Group's view that in light of the appeals made by UK PLCs (including the Group), the UK Government's own appeal, and in consideration of management's own internal view, no provision is required in relation to the investigation. Additionally, and in accordance with IFRIC 23, the Group continues to recognise a receivable against the HMRC determinations paid to date of £10.5 million. The maximum potential exposure excluding interest remains between nil and £65 million.

IRS Audit

The Group continues to be under audit in the US by the US Internal Revenue Service (IRS) in relation to the interest rate applied on certain cross border intercompany loans from the UK to the US. During 2020, the IRS issued a Notice of Proposed Adjustment. The maximum tax exposure is approximately US$145 million, however, this is the upper bound of a range of nil to US$145 million (plus interest and penalties) over the lifetime of the loans. The Group has an uncertain tax liability of £12 million ($16 million) recorded on the balance sheet related to this issue. The liability was measured based on a probability weighted average of potential outcomes. The issue is currently under appeal.

HMRC audit of intellectual property valuation

HMRC is auditing the value of certain intellectual property purchased from Thomson Reuters as part of the formation of Refinitiv. Intellectual property valuation is complex and significantly affected by multiple inputs of assumptions. As the outcome is uncertain, especially given the inherent subjectivity of the topic, the Group has recorded an uncertain tax liability in accordance with the requirements of IFRS. Management and HMRC continue to actively discuss this topic.

Diverted Profits Tax to Thomson Reuters

HMRC continues to issue notices of assessment under the Diverted Profits Tax (DPT) regime to Thomson Reuters largely related to its Financial and Risk Business for years prior to the sale of the business to Refinitiv. As required by the notices and as directed by Thomson Reuters, the Group makes payments to HMRC which are immediately reimbursed by Thomson Reuters in accordance with an indemnity agreement. Thomson Reuters does not agree with the assessments and will continue to defend their position by contesting the assessments through all available administrative and judicial remedies.

11.2 Net deferred tax liabilities

Deferred tax assets and liabilities recognised on the balance sheet are as follows:

	2021 £m	2020 £m
Deferred tax assets at 31 December	**508**	51
Deferred tax liabilities at 31 December	**(1,835)**	(411)
Net deferred tax liabilities	**(1,327)**	(360)

The movements in deferred tax assets and liabilities during the year are as follows:

Group	Goodwill and purchased intangible assets £m	Tax losses and other carry-forward attributes £m	Property, plant and equipment, and software £m	Share schemes £m	Retirement benefit obligations £m	Investment in partnerships £m	Provisions and other temporary differences £m	Total £m
1 January 2020	(424)	21	5	28	(19)	–	6	(383)
Tax recognised in the income statement	23	6	–	2	(10)	–	4	25
Tax recognised in other comprehensive income	–	–	–	–	–	–	(3)	(3)
Tax recognised in equity	–	–	–	(3)	–	–	–	(3)
Foreign exchange translation and other	3	–	–	–	1	–	–	4
31 December 2020	(398)	27	5	27	(28)	–	7	(360)
Deferred tax on acquisition of subsidiaries (note 3)	**(1,738)**	**322**	**102**	**62**	**(49)**	**425**	**43**	**(833)**
Deferred tax derecognised on disposal of business (note 4)	**79**	–	–	–	–	–	**4**	**83**
Tax recognised in the income statement	**(184)**	**94**	**20**	**15**	**(28)**	**(99)**	**(12)**	**(194)**
Tax recognised in other comprehensive income	–	–	–	–	**(25)**	–	**1**	**(24)**
Tax recognised in equity	–	–	–	**18**	–	**25**	–	**43**
Foreign exchange translation and other	**(41)**	**1**	**2**	**1**	–	–	**(5)**	**(42)**
31 December 2021	**(2,282)**	**444**	**129**	**123**	**(130)**	**351**	**38**	**(1,327)**

The deferred tax assets are recoverable against future taxable profits and are due after more than one year.

The purchased intangible assets of the acquired subsidiaries create a deferred tax liability due to the difference between their accounting and tax treatment. On 31 December 2021 this liability was £2,282 million (2020: £398 million), primarily relating to the Refinitiv acquisition (refer to note 3).

The Group has unrecognised deferred tax assets in respect of losses of £26 million (2020: £20 million) within certain Group subsidiaries. The assets will be recognised in the future only if suitable taxable income arises within the Group.

12. Earnings per share

Accounting policy

Earnings per share is presented on four bases: basic earnings per share, diluted earnings per share, adjusted basic earnings per share and adjusted diluted earnings per share. Basic earnings per share is in respect of all activities. Diluted earnings per share takes into account the dilutive effect that would arise on conversion or vesting of all outstanding share options and share awards under the Group's share option and award schemes. Adjusted basic earnings per share and adjusted diluted earnings per share exclude non-underlying items.

	2021			2020		
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
Basic earnings per share	**98.4p**	**483.3p**	**581.7p**	83.6p	36.7p	120.3p
Diluted earnings per share	**97.8p**	**480.3p**	**578.1p**	82.6p	36.3p	118.9p
Adjusted basic earnings per share	**286.5p**	**14.9p**	**301.4p**	166.7p	43.0p	209.7p
Adjusted diluted earnings per share	**284.7p**	**14.8p**	**299.5p**	164.8p	42.5p	207.3p

Profit and adjusted profit for the year attributable to the Company's equity holders

		2021			2020		
	Note	Continuing £m	Discontinued £m	Total £m	Continuing £m	Discontinued £m	Total £m
Profit for the financial year attributable to the Company's equity holders		**529**	**2,600**	**3,129**	293	128	421
Adjustments:							
– Total non-underlying items net of tax	9	**1,100**	**(2,519)**	**(1,419)**	292	25	317
– Non-underlying items attributable to non-controlling interests		**(88)**	**(1)**	**(89)**	(1)	(3)	(4)
Adjusted profit for the year attributable to the Company's equity holders		**1,541**	**80**	**1,621**	584	150	734
Weighted average number of shares – millions[1]				**538**			350
Effect of dilutive share options and awards – millions				**3**			4
Diluted weighted average number of shares – millions				**541**			354

1 The weighted average number of shares excludes those held in the Employee Benefit Trust

13. Dividends

Accounting policy

Dividend distributions to the Company's equity holders are recognised as a liability in the Group financial statements in the period in which the dividends are approved by the Company's shareholders. The interim dividend will generally be payable each year in September with the final dividend in May. The Group's dividend policy determines that the interim dividend is calculated as one-third of the prior full year dividend.

	2021 £m	2020 £m
Final dividend for 31 December 2019 paid 27 May 2020: 49.9p per Ordinary share	–	175
Interim dividend for 31 December 2020 paid 22 September 2020: 23.3p per Ordinary share	–	82
Final dividend for 31 December 2020 paid 26 May 2021: 51.7p per Ordinary share	**287**	–
Interim dividend for 31 December 2021 paid 21 September 2021: 25.0p per Ordinary share	**139**	–
	426	257

Dividends are only paid out of available distributable reserves of the Company.

The Board has proposed a final dividend in respect of the year ended 31 December 2021 of 70.0p per share, which amounts to an expected payment of £390 million in May 2022. This is not reflected in the financial statements.

14. Property, plant and equipment

Accounting policy

Property, plant and equipment

Property, plant and equipment assets are recorded at cost less accumulated depreciation and accumulated impairment losses.

Land is not depreciated. Freehold buildings, plant and equipment are depreciated to residual value on a straight-line basis over their estimated useful economic lives as follows:

- Freehold buildings – 30 to 50 years
- Plant and equipment – 3 to 20 years

Leasehold improvements are recorded at cost and depreciated to residual value over the shorter of the period of the lease and the useful economic life of the asset.

At each reporting date, the Group assesses whether there is an indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal, and its value in use.

Assets generally do not generate cash inflows independently of each other and so are included in the recoverable amount of a CGU. When the recoverable amount of the CGU is less than its carrying amount, the asset is considered impaired and is written down to its recoverable amount.

Right-of-use assets (leases)

The Group recognises a right-of-use asset where it has control of an asset for a period of more than 12 months. Assets are recorded initially at cost and depreciated on a straight-line basis over the shorter of the lease term and the estimated useful economic life. Cost is defined as the net present value of the lease liabilities recognised plus any initial costs and dilapidation provisions less any lease incentives received.

The lease term is the non-cancellable term plus any optional extensions or less any reductions due to break clauses that in management's judgement are likely to be exercised.

The Group applies the estimated incremental borrowing rate of the lessee entity to calculate the net present value of the lease liability. In some cases, these rates may be negative.

Where a property is no longer used by the business or there is surplus space, an impairment in the value of the right-of-use asset is recognised and the asset is recognised at its estimated recoverable value.

Where a lease is terminated early, this is recognised as a disposal and any difference in value between the asset and the liability is recognised as a profit or loss on disposal. Penalty fees payable are recognised directly in the income statement as an operating expense.

Group	Notes	Land & Buildings: Freehold property £m	Land & Buildings: Right-of-use assets £m	Land & Buildings: Leasehold improvements £m	Plant and equipment: Right-of-use assets £m	Plant and equipment: Owned £m	Total £m
Cost							
1 January 2020		57	163	59	2	264	545
Additions		6	36	–	3	34	79
Lease modifications		–	3	–	–	–	3
Disposals		–	(6)	(1)	–	(10)	(17)
Foreign exchange translation		(1)	1	1	–	4	5
31 December 2020		62	197	59	5	292	615
Property, plant and equipment acquired on acquisition of subsidiaries	3	**9**	**379**	**36**	**32**	**222**	**678**
Additions		**3**	**25**	**24**	**27**	**101**	**180**
Lease modifications	24	–	**34**	–	**(1)**	–	**33**
Disposals and other		**(2)**	**(1)**	**(12)**	–	**(43)**	**(58)**
Disposal of business	4	–	**(28)**	**(4)**	**(3)**	**(69)**	**(104)**
Transfer to held for sale assets		**(17)**	–	–	–	–	**(17)**
Foreign exchange translation	33	–	**(1)**	–	–	**(1)**	**(2)**
31 December 2021		**55**	**605**	**103**	**60**	**502**	**1,325**
Accumulated depreciation and impairment							
1 January 2020		29	25	39	1	163	257
Disposals		–	(3)	(1)	–	(10)	(14)
Charge for the year		–	28	6	1	35	70
Foreign exchange translation		–	–	1	–	4	5
31 December 2020		29	50	45	2	192	318
Disposals		**–**	**(1)**	**(12)**	**–**	**(39)**	**(52)**
Charge for the year[1]		**3**	**99**	**19**	**18**	**135**	**274**
Impairment		**–**	**22**	**–**	**–**	**–**	**22**
Disposal of business	4	**–**	**(11)**	**(3)**	**(1)**	**(50)**	**(65)**
Transfer to held for sale assets	33	**(1)**	**–**	**–**	**–**	**–**	**(1)**
Foreign exchange translation		**–**	**(1)**	**–**	**–**	**(2)**	**(3)**
31 December 2021		**31**	**158**	**49**	**19**	**236**	**493**
Net book values							
31 December 2021		**24**	**447**	**54**	**41**	**266**	**832**
31 December 2020		33	147	14	3	100	297

1 Includes non-underlying depreciation for the year of £10 million

Consideration for additions comprises £97 million in cash (2020: £33 million) and £31 million (2020: £7 million) in accruals. Right-of-use assets are paid for over the term of the lease.

15. Intangible assets

Accounting policy

Goodwill

Goodwill arising on the acquisition of a business is initially measured at cost, being the amount by which the aggregate of the consideration transferred and the amount recognised for non-controlling interests (plus any previous interest held), exceeds the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired exceeds the aggregate consideration transferred, then the difference is recognised in the income statement as a gain on purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs that are expected to benefit from the combination.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in its carrying amount when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

Purchased intangible assets

Intangible assets are initially recognised at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition using valuation methodologies such as MEEM or relief from royalty. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

These assets are amortised on a straight-line basis over their useful economic lives which are as follows:
- Customer and supplier relationships – 2 to 25 years
- Brand names – 10 to 25 years
- Software licences and intellectual property – 1 to 25 years (the majority of material assets are amortised over a life not exceeding 5 years).

Third-party **software** costs for the development and implementation of systems which enhance the services provided by the Group are capitalised and amortised over their estimated useful economic lives of 3 to 5 years.

Internally developed software
Expenditure on internal product development is capitalised if the costs can be reliably measured, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group has sufficient resources to complete the development and to use or sell the asset. The assets are initially recorded at cost including labour, directly attributable costs and any third-party expenses, and amortised over their useful economic lives of 3 to 7 years.

Internally generated intangibles, excluding capitalised development costs, are expensed as incurred.

Right-of-use intangible assets (leases)
The Group recognises an intangible right-of-use asset where the Group has control of an asset for a period of more than 12 months. Assets are recorded initially at cost and amortised on a straight-line basis over the lease term. Cost is defined as the net present value of the lease liabilities plus any initial costs and dilapidation provisions less any lease incentives received.

Contract costs
Incremental costs of obtaining a customer contract, such as sales commissions paid to employees, are recognised as an intangible asset if the benefit of such costs is expected to be longer than one year. The asset is initially recognised at cost and is amortised over the period from which a customer benefits from the associated software technology supporting the underlying product or service, which the Group has determined to be between 3 to 5 years.

The Group recognises the incremental cost of obtaining a contract as an expense when incurred, if the amortisation period is less than one year.

Impairment of intangible assets, including goodwill
Goodwill is tested for impairment annually. Impairment is determined for goodwill by assessing the recoverable amount of each CGU. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets are assessed for any indicators of impairment at each balance sheet date. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. The recoverable amount is determined for an individual asset or CGU. When the recoverable amount is less than its carrying amount, the asset is considered impaired and is written down to its recoverable amount.

Significant accounting judgements and estimates
Intangible assets and goodwill form a significant part of the balance sheet and are key assets for the Group's businesses. Refer to note 3 for the significant accounting estimates of intangible assets acquired as part of the Refinitiv and NFI acquisitions.

Recoverable amounts of relevant CGUs
The recoverable amounts of relevant CGUs are based on value-in-use calculations. These use management's best estimate of future performance together with estimates of the return required by investors to determine an appropriate discount rate, which is used to derive the present value.

Estimated useful economic lives
Intangible assets are amortised over the estimated useful economic lives, based on management's best estimate of the period over which value from the intangible assets is realised. In determining useful economic life, management considers a number of factors including customer attrition rates, product upgrade cycles for software and technology assets, market participant perspectives for brands and pace of change of regulation.

Group	Notes	Goodwill £m	Purchased intangible assets: Customer and supplier relationships £m	Purchased intangible assets: Brands £m	Purchased intangible assets: Databases and content £m	Purchased intangible assets: Software, licences and intellectual property £m	Software and other £m	Total £m
Cost								
1 January 2020		2,357	1,826	980	–	568	1,023	6,754
Additions		–	–	–	–	–	221	221
Disposals and write-off		–	–	–	–	–	(18)	(18)
Foreign exchange translation		45	21	(27)	–	1	34	74
31 December 2020		2,402	1,847	953	–	569	1,260	7,031
Intangible assets acquired on acquisition of subsidiaries	3	**16,520**	**7,455**	**983**	**2,398**	**199**	**1,608**	**29,163**
Additions		–	–	–	–	–	**642**	**642**
Disposal of business	4	**(927)**	**(692)**	**(1)**	–	**(66)**	**(181)**	**(1,867)**
Disposals and write-off		–	–	–	–	**(1)**	**(59)**	**(60)**
Foreign exchange translation		**(42)**	**111**	**21**	**36**	**1**	**(38)**	**89**
31 December 2021		**17,953**	**8,721**	**1,956**	**2,434**	**702**	**3,232**	**34,998**
Accumulated amortisation and impairment								
1 January 2020		515	752	232	–	318	516	2,333
Amortisation charge for the year		–	101	40	–	23	139	303
Impairment[1]		10	–	–	–	–	23	33
Disposals and write-off		–	–	–	–	–	(18)	(18)
Foreign exchange translation		21	15	(7)	–	4	23	56
31 December 2020		546	868	265	–	345	683	2,707
Amortisation charge for the year[1]		–	**491**	**130**	**220**	**33**	**425**	**1,299**
Impairment[1]		–	–	–	–	–	**13**	**13**
Disposal of business	4	**(54)**	**(409)**	–	–	**(58)**	**(139)**	**(660)**
Disposals and write-off		–	–	–	–	**(1)**	**(43)**	**(44)**
Foreign exchange translation		**(25)**	**6**	**3**	**4**	**(4)**	**(25)**	**(41)**
31 December 2021		**467**	**956**	**398**	**224**	**315**	**914**	**3,274**
Net book values								
31 December 2020		**17,486**	**7,765**	**1,558**	**2,210**	**387**	**2,318**	**31,724**
31 December 2019		1,856	979	688	–	224	577	4,324

1 Includes non-underlying amortisation of intangible assets of £855 million. There was no impairment identified for purchased intangible assets.

Goodwill

Goodwill arising on acquisition typically represents the growth potential of the underlying businesses and the assembled workforce. During the year, the Group reassessed its CGUs and concluded that the previously reported FTSE Group, Frank Russell Group, Mergent and Yield Book CGUs are no longer generating independent cash inflows and operating on a standalone basis. Together with the operations acquired with Refinitiv (but excluding Tradeweb), these businesses now form the Data & Analytics CGU. The other CGUs in the Group are Capital Markets, Post Trade and Tradeweb.

At 31 December 2021, the goodwill on acquisition has been reallocated to the Group's CGUs as follows, where the goodwill is tested for impairment.

Acquisition	CGU 2021	CGU 2020
Refinitiv, excluding Tradeweb	Data & Analytics	–
Tradeweb	Tradeweb	–
Yield Book	Data & Analytics	Yield Book
Mergent	Data & Analytics	Mergent
Frank Russell Group	Data & Analytics	Frank Russell Group
LCH Group	Post Trade	LCH Group
FTSE Group	Data & Analytics	FTSE Group
MillenniumIT	Capital Markets	MillenniumIT
Turquoise	Capital Markets	Turquoise

Carrying value of goodwill allocated to each of the Group's CGUs and annual impairment test

The recoverable amounts of the Group's CGUs have been determined based on value-in-use calculations using discounted cash flow forecasts based on business plans prepared by management for a three-year period ending 31 December 2024. Cash flows beyond this period are extrapolated using estimated long-term growth rates and applying the pre-tax discount rates referred to below.

The carrying value of goodwill allocated to each CGU is set out below:

	Net book value of goodwill						Pre-tax discount rate used in value in use calculations[1]	
	31 December 2020 £m	Reallocation £m	Acquisition of business £m	Disposal of business £m	Foreign exchange translation £m	31 December 2021 £m	2021	2020
Data & Analytics		852	11,996	–	(77)	12,771	9.7%	
FTSE Group	203	(203)						11.6%
Frank Russell Group	396	(396)						11.5%
Yield Book	202	(202)						11.7%
Mergent	51	(51)						11.0%
Capital markets		2	–	–	–	2	10.7%	
MillenniumIT	1	(1)					–	16.0%
Turquoise	1	(1)					–	10.6%
Tradeweb		–	4,524	–	70	4,594	10.1%	
Post Trade		129	–	–	(10)	119	12.5%	
LCH Group	129	(129)						11.8%
Italian Group								
Capital Markets	405	–	–	(405)	–	–	–	12.3%
Technology Services	24	–	–	(24)	–	–	–	12.3%
Post Trade Services	444	–	–	(444)	–	–	–	12.3%
	1,856	–	16,520	(873)	(17)	17,486		

1 Pre-tax discount rates are based on a number of factors including the risk-free rates in the USA, UK and France as appropriate, the Group's estimated market risk premium and a premium to reflect the inherent risks of each CGU.

As 31 December 2021, goodwill was tested for impairment and no impairment was identified or recognised. The value-in-use of each CGU is significantly higher than the carrying value and is unlikely to be materially impaired by reasonable adverse changes to key assumptions. The excess of value-in-use over carrying value is determined by reference to the net book value as at 31 December 2021.

During the year ended 31 December 2020, goodwill allocated the Mergent CGU was impaired by £10 million due to lower forecast cash flows.

Key assumptions used in the value-in-use calculations and sensitivity to changes

The value-in-use calculations for each CGU are based on, and most sensitive to, the following key assumptions:

- short- and medium-term revenue and cost growth
- long-term economic growth rates (used to determine terminal values)
- pre-tax discount rates

The short- and medium-term revenue and cost growth assumptions are based on the business plans prepared by management for the three-year period ending 31 December 2024. The assumptions are derived from an assessment of current trends, anticipated market and regulatory developments, discussions with customers and suppliers, and management's experience. These factors are considered in conjunction with the Group's long-term strategic objectives.

Revenue and cost sensitivities assume a 5% change in revenues or costs for each of the three years in the value-in-use calculations.

Long-term growth rates are based on external estimates of GDP and inflation analysis:

	Long-term growth rates	
	2021	2020
Data & Analytics	3.9%	3.5%
Capital Markets, excluding Tradeweb	3.5%	3.0%
Tradeweb	4.0%	–
Post Trade	3.2%	3.0%

Purchased Intangible Assets
Purchased intangible assets are recognised on acquisition of a business. There material purchased intangible assets are set out below:

	Carrying value of material purchased intangible assets		Remaining amortisation period	
	2021 £m	2020 £m	2021 £m	2020 £m
Customer and supplier relationships				
Refinitiv	**6,135**	–	**15 years**	–
Tradeweb	**922**	–	**12-19 years**	–
Brands				
Refinitiv	**717**	–	**4-14 years**	–
Tradeweb	**186**	–	**14 years**	–
Frank Russell	**470**	491	**18 years**	19 years
Databases and content				
Refinitiv	**2,184**	–	**10-11 years**	–

There are no other individual purchased intangible assets that are considered material to each class of intangible assets.

Internally developed software and other intangible assets
The Group creates technology solutions where software products are developed internally, for use within the Group or to sell externally. These assets have a useful economic life of up to 12 years.

During the year, consideration for additions comprises £611 million (2020: £189 million) in cash, £2 million (2020: £10 million) of leased assets and £29 million (2020: £22 million) in accruals. During the year, the Group:
- recognised additions of £2 million (2020: £10 million) as right-of-use assets, with a right-of-use assets amortisation charge of £6 million (2020: £7 million)
- capitalised sales commissions paid to employees (contract costs) of £46 million (2020: £6 million)

The cost of self-developed software products includes £447 million (2020: £188 million) of assets not yet brought into use. No amortisation has been charged on these assets and instead they are tested for impairment annually.

Impairment tests for internally developed software and other intangible assets
Following a review of software assets in the year the Group recognised £13 million (2020: £23 million) of impairment in relation to assets with a recoverable amount less than the value-in-use.

During the year the Group recognised disposals and write-offs of assets which are no longer in use of £60 million with £16 million net book value (2020: £18 million with nil net book value).

16. Investment in subsidiary companies

Accounting policy
Investments in subsidiary companies' shares, loans and other contributions are recognised at cost less accumulated impairment.

Investments in subsidiary companies are reviewed for impairment when events indicate the carrying amount may not be recoverable. When any indication exists, the investment's recoverable amount is estimated. An impairment loss is recognised when the recoverable amount is less than its carrying amount.

Company	Shares £m	Other £m	Total £m
1 January 2020	5,733	1,017	6,750
Additional investment in subsidiaries	56	–	56
31 December 2020	5,789	1,017	6,806
Acquisition of subsidiaries	**18,549**	**–**	**18,549**
Impairment	**(563)**	**–**	**(563)**
31 December 2021	**23,775**	**1,017**	**24,792**

As a result of the sale of the Borsa Italiana group (refer to note 4) during the year, the Company's investment in London Stock Exchange Group Holdings Italy Limited has been impaired.

The acquisition of subsidiaries mainly refers to the acquisition of Refinitiv (refer to note 3). Other includes amounts invested in subsidiary companies by way of capital contributions and awards granted under the Group's share schemes.

Principal operating subsidiaries	Principal activity	Country of incorporation and principal operations	% equity and votes held
Held directly by the Company			
London Stock Exchange plc	Recognised investment exchange	England and Wales	100.00
Held indirectly by the Company			
Banque Centrale De Compensation SA (LCH SA)	CCP clearing services	France	73.45
Financial Risk and Organisation Limited	IP owner	England and Wales	100.00
Frank Russell Company	Market indices provider	USA	100.00
FTSE International Limited	Market indices provider	England and Wales	100.00
LCH Limited	CCP clearing services	England and Wales	82.61
Refinitiv France SAS	Market and financial data provider	France	100.00
Refinitiv Hong Kong Limited	Market and financial data provider	Jersey[1]	100.00
Refinitiv Germany GmbH	Market and financial data provider	Germany	100.00
Refinitiv Asia Pte Limited	Market and financial data provider	Singapore	100.00
Refinitiv Japan KK	Market and financial data provider	Japan	100.00
Refinitiv Limited	Market and financial data provider	England and Wales	100.00
Refinitiv US LLC	Market and financial data provider	USA	100.00
Tradeweb Markets LLC	Multilateral trading facility	USA	51.30[2]

1 Operates in Hong Kong
2 Economic interest

Under Regulation 7 of The Partnerships (Accounts) Regulations 2008, the Group elected not to prepare partnership accounts for its indirect partnership interest in London Stock Exchange Connectivity Solutions LP, as its results are contained in the consolidated group accounts.

A full list of subsidiaries is provided in note 34.

17. Non-controlling interests

Accounting policy

Non-controlling interests

The Group recognises any non-controlling interest in a business either at fair value or at the non-controlling interest's proportionate share of the net assets. This is determined on an acquisition by acquisition basis. Subsequently, the carrying value of the non-controlling interest is the amount recognised at acquisition plus any subsequent changes in equity and total comprehensive income attributed to the non-controlling interest holders, less any dividends paid.

Change in the ownership interest of a subsidiary company, without a loss of control

For acquisitions or disposals of non-controlling interests where control of the subsidiary remains with the Group, the difference between any consideration paid or received and the relevant share of net assets acquired or sold of the subsidiary is recognised in equity.

Group subsidiary companies with non-controlling interests

Proportion of equity held by non-controlling interests	2021	2020
LCH Group Limited	**17.4%**	17.4%
Tradeweb Markets Inc	**48.7%**	–

Profit from continuing operations allocated to non-controlling interests	2021 £m	2020 £m
LCH group	**65**	60
Tradeweb group	**63**	–
Other	**3**	1
	131	61

Accumulated balance of non-controlling interests	2021 £m	2020 £m
LCH group	**302**	328
Tradeweb group	**1,552**	–
Other	**25**	86
	1,879	414

The Group owns 82.6% of LCH Group Limited, which is the parent of LCH Limited, based in the UK, and LCH SA, based in France. There is a further non-controlling interest in LCH SA, giving the Group an effective 73.4% share of LCH SA.

As a result of the Refinitiv acquisition, the Group has a 47.7% economic interest in Tradeweb Markets Inc, a company listed in the US. Tradeweb Markets Inc is the parent company of Tradeweb Markets LLC in which there is a further non-controlling interest, giving the Group an effective economic interest of 51.3% in Tradeweb Markets LLC.

Summarised financial information for the LCH group and the Tradeweb group is provided below.

LCH group

The summarised financial information includes goodwill and purchased intangible assets (together with associated amortisation, impairment and deferred tax) attributable to non-controlling interests.

Summarised financial information attributable to non-controlling interests	2021 £m	2020 £m
Profit for the year attributable to non-controlling interests	65	60
Total comprehensive income for the year attributable to non-controlling interests	43	76
Dividends paid to non-controlling interests in the year	71	7

The summarised balance sheet below includes goodwill and purchased intangible assets together with associated amortisation, impairment and deferred tax.

Summarised balance sheet	2021 £m	2020 £m
Non-current assets	585	574
Current assets	749,964	732,669
Current liabilities	(749,041)	(731,578)
Non-current liabilities	(91)	(65)
Total equity	1,417	1,600
Attributable to:		
Equity holders of the company	1,115	1,271
Non-controlling interests	302	329
	1,417	1,600

The summarised total comprehensive income of the LCH group is provided below. This excludes goodwill and purchased intangible assets (together with associated amortisation and deferred tax).

Summarised total comprehensive income and cash flows	2021 £m	2020 £m
Total income for the year	856	859
Total profit for the year	317	305
Total comprehensive income for the year	214	383
Net (decrease)/increase in cash and cash equivalents	(211)	185

Tradeweb group

Tradeweb's summarised financial information below differs from that reported by Tradeweb. Adjustments are made to bring their accounting policies in line with those used by the Group and to include the impact of acquisition accounting.

The summarised financial information includes goodwill and purchased intangible assets (together with associated amortisation, impairment and deferred tax) attributable to non-controlling interests.

Summarised financial information attributable to non-controlling interests	2021 £m	2020 £m
Profit for the year attributable to non-controlling interests	63	–
Total comprehensive income for the year attributable to non-controlling interests	92	–
Dividends paid to non-controlling interests in the year	26	–

The summarised balance sheet below includes goodwill and purchased intangible assets together with associated amortisation, impairment and deferred tax.

Summarised balance sheet	2021 £m	2020 £m
Non-current assets	7,653	–
Current assets	876	–
Current liabilities	(174)	–
Non-current liabilities	(529)	–
Total equity	7,826	–
Attributable to:		
Equity holders of the company	6,274	–
Non-controlling interests	1,552	–
	7,826	–

The summarised total comprehensive income of the Tradeweb group is provided below. This excludes goodwill and purchased intangible assets (together with associated amortisation and deferred tax).

Summarised total comprehensive income and cash flows	2021 £m	2020 £m
Total income for the year	720	–
Total profit for the year	234	–
Total comprehensive income for the year	308	–
Net increase in cash and cash equivalents	142	–

18. Investments in financial assets

Accounting policy

Refer to note 19 for the accounting policy for **financial assets at fair value through other comprehensive income (FVOCI)**:

- **equity instruments**
- **debt instruments**

Investments in equity instruments and convertible instruments, excluding listed instruments, are classified as Level 3 (of the fair value hierarchy described in the accounting policy of note 19). Listed instruments are classified as Level 1.

Investment in financial assets are as follows:

Group	2021 £m	2020 £m
Equity instruments	**351**	261
Debt instruments	–	19
Total non-current investments in financial assets	**351**	280
Current		
Debt instruments	–	92
Total current investments in financial assets	–	92
Total investments in financial assets	**351**	372

Equity instruments

Movements in the fair value of the investments in equity instruments (classified as Level 3) are as follows:

Group	Note	2021 £m	2020 £m
1 January		**261**	241
Investments in equity instruments acquired on acquisition of subsidiaries	3	**22**	–
Additions		**28**	2
Revaluation gains recognised in other comprehensive income		**59**	6
Foreign exchange translation		**(19)**	12
31 December		**351**	261

During the year, the Group invested a further £8 million in PrimaryBid Limited and £7 million in Finbourne Technology Limited. The Group also invested US$10 million (£7 million) in OpenExchange, Inc and £6 million in other investments (2020: £2 million in PrimaryBid Limited). Refer to the table below for the fair value of the material equity investments.

Fair value of equity instruments

In the absence of any relevant third-party data on the fair value of its investments, the Group undertakes its own internal valuations. The Group regularly reviews the financial information of its investments which is available publicly or received as a shareholder.

Our internal valuations of the investments are calculated primarily using discounted cash flow forecasts using a terminal growth rate of 2% and a risk adjusted discount rate depending on the size and maturity of the investee. These valuations are then benchmarked against other available approaches such as the dividend discount model, regression analysis, and trading multiples. Valuation models generate a range of values by considering reasonable changes in the key unobservable inputs (including terminal growth rates and discount rates) and the investments are recognised at the lowest value in the range.

The fair values of the material investments are as follows:

	2021 £m	2020 £m
Euroclear	**297**	257
Sumscope Inc.	**15**	–
PrimaryBid Limited	**10**	2
Finbourne Technology Limited	**8**	–
OpenExchange, Inc.	**7**	–

Income from equity investments

Income from equity investments of £22 million reflects dividends received from the Group's investment in Euroclear (2020: nil).

Debt instruments

During the year, the Group disposed of the Borsa Italiana group (refer to note 4) and derecognised the debt instruments held by the Borsa Italiana group.

19. Financial assets and financial liabilities

Accounting policy

Financial assets and financial liabilities are initially recognised on their settlement date. The Group classifies its financial instruments as fair value through profit or loss (FVPL), FVOCI or amortised cost. The classification depends on the Group's business model for managing its financial instruments and whether the cash flows generated are 'solely payments of principal and interest.

Initial recognition

- **Financial assets at amortised cost** are financial assets that are held in order to collect the contractual cash flows and the contractual terms give rise to cash flows that are solely payments of principal and interest. They include cash and cash equivalents, trade and other receivables, clearing member trading balances relating to certain collateralised transactions, and other receivables from clearing members of the CCP businesses.
- **Financial assets at FVOCI – debt instruments** are assets where the objective is achieved by collecting the contractual cash flows or selling the asset. The contractual cash flows received are solely payments of principal and interest. They include quoted debt instruments (predominantly government bonds) held by the CCP businesses, which are used under the business model to both collect the contractual cash flows and, on occasion, to profit from their sale.
- **Financial assets at FVOCI – equity instruments** are strategic equity investments which are held for the long-term but do not give the Group control or significant influence. The Group has irrevocably elected to classify these investments as FVOCI.
- **Financial assets at FVPL** include all other financial assets not classified as amortised cost or FVOCI. They include CCP businesses' clearing member trading balances comprising derivatives, equity and debt instruments that are marked to market on a daily basis.
- **Financial liabilities at FVPL** are liabilities that are held at fair value. They include the CCP businesses' clearing member trading balances, comprising derivatives, equity and debt instruments that are marked to market on a daily basis.
- **Financial liabilities at amortised cost** are all financial liabilities that are not classified as financial liabilities at FVPL. They include trade and other payables, borrowings and other payables to clearing members.

Subsequent measurement

- **Financial assets at amortised cost** are measured using the effective interest method and are subject to impairment assessment. Gains and losses are recognised in the income statement when the asset is disposed of or impaired.
- For **debt instruments held at FVOCI**, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the income statement. Changes in fair value are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the income statement. Assets are subject to impairment assessment and any losses recognised immediately in the income statement.
- For **equity instruments held at FVOCI** changes in fair value are recognised in other comprehensive income. Upon derecognition, gains and losses remain in equity. Dividends are recognised as other income in the income statement when the right of payment has been established. Equity instruments designated at FVOCI are not subject to impairment assessment.
- **Financial instruments at FVPL** are carried on the balance sheet at fair value. Changes in fair value are recognised in the income statement.

Impairment

The Group adopts a forward-looking approach to estimating impairment losses on financial assets. An expected credit loss (ECL) arises if the expected cash flows are lower than the contractual cash flows due. The difference is discounted at the asset's original effective interest rate and recognised as an impairment of the original value of the asset.

- **Financial assets at amortised cost** – the ECL for trade receivables, fees receivable, contract assets, and cash and cash equivalents is calculated using a lifetime ECL. The allowance is based on historical experience of collection rates, adjusted for forward looking factors specific to each counterparty and the economic environment at large, to create an expected loss matrix. The ECL on other financial assets held at amortised cost is measured using the general approach. An allowance is calculated based on the 12-month ECL at each reporting date unless there is a significant increase in the financial instrument's credit risk, at which point a loss allowance based on the lifetime ECL is calculated.
- **Financial assets at FVOCI –** debt instruments held at FVOCI comprise high-quality government bonds that have a low credit risk. The Group's policy is to calculate a 12-month ECL on these assets. If there is a significant increase in credit risk, then a lifetime ECL will be calculated. A significant increase in credit risk is considered to have occurred when contractual payments are more than 30 days past due.
- **Financial assets at FVPL –** no ECL is calculated for assets held at FVPL as any expected loss is already recognised in the recorded fair value of the asset.

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: techniques which use inputs, which have a significant effect on the recorded fair value, that are not based on observable market data

For Level 1, the fair value is based on market price quotations at the reporting date. For assets and liabilities classified as Level 2, the fair value is calculated using one or more valuation techniques (e.g. the market approach or the income approach) with market observable inputs. The selection of the appropriate valuation techniques may be affected by the availability of the relevant inputs as well as the reliability of the inputs. The inputs may include currency rates, interest rates and forward rate curves, and net asset values.

When observable market data is not available, the Group uses one or more valuation techniques (e.g. the market approach or the income approach) for which sufficient and reliable data is available. The inputs used in estimating the fair value of Level 3 financial instruments include expected timing and level of future cash flows, timing of settlement, discount rates and the net asset values of certain investments.

The Group determines whether a transfer between levels has occurred by reviewing the categorisation of assets and liabilities at the end of each reporting period, based on the lowest level input that is significant to the valuation.

Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The method of recognising the resulting gain or loss depends on whether or not the derivative is designated as a hedging instrument and the nature of the item being hedged.

The Group has embedded foreign currency derivatives primarily in revenue contracts where the currency of the contract is different from the functional or local currencies of the parties involved. The Group records these derivative instruments at fair value in the balance sheet as either assets or liabilities. Changes in fair value are recognised in the income statement.

The Group hedges a proportion of its net investment in foreign subsidiaries by designating euro and US dollar borrowings and derivative instruments as net investment hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and remains in the hedging reserve.

In order to qualify for hedge accounting, a transaction must meet strict criteria regarding documentation, effectiveness, probability of occurrence, and reliability of measurement. The Group documents the relationship between hedging instruments and hedged items at the inception of the transaction, as well as its risk management objectives and strategy for undertaking various hedging transactions. The effectiveness of the hedge is tested at each reporting date and at the commencement and conclusion of any hedge in order to verify that it continues to satisfy all the criteria for hedge accounting. Any ineffective portion is recognised in the income statement as finance income or expense.

Amounts that have accumulated through other comprehensive income in the hedging reserve are recognised in the income statement in the period when the hedged item affects profit or loss (for example, when the forecast transaction that is hedged takes place). When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss remains in the hedging reserve: it is only recognised in the income statement when the forecast transaction itself is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported through other comprehensive income is immediately recognised in the income statement.

The profit or loss on a derivative which is not designated as a hedging instrument is recognised directly in the income statement.

Financial instrument classification
Management has assessed that the fair values of financial assets and financial liabilities categorised as being at amortised cost approximate to their carrying values, with the exception of Group borrowings. The fair values of the Group's borrowings are disclosed in note 26.

The Group's financial assets and financial liabilities held at fair value consist largely of securities which are restricted in use for the operations of the Group's CCPs as managers of their respective clearing and guarantee systems.

As at 31 December 2021, there are no provisions for expected credit losses in relation to any of the CCP businesses' financial assets held at amortised cost or FVOCI (2020: nil). The Group closely monitors its CCP investment portfolio and invests only in government debt and other collateralised instruments where the risk of loss is minimal. There was no increase in credit risk in the year and none of the assets are past due (2020: nil).

Financial instruments by category
The financial instruments of the Group and Company are categorised as follows:

Financial assets	Group				Company		
31 December 2021	Amortised cost £m	FVOCI £m	FVPL £m	Total £m	Amortised cost £m	FVPL £m	Total £m
Clearing business financial assets							
Clearing member trading assets	1,476	–	645,587	647,063	–	–	–
Other receivables from clearing members	4,184	–	–	4,184	–	–	–
Other financial assets	–	13,784	–	13,784	–	–	–
Clearing member cash and cash equivalents[1]	83,795	–	–	83,795	–	–	–
	89,455	13,784	645,587	748,826	–	–	–
Trade and other receivables	1,020	–	6	1,026	1,578	–	1,578
Cash and cash equivalents	2,665	–	–	2,665	142	–	142
Investments in financial assets – equity instruments	–	351	–	351	–	–	–
Derivative financial instruments	–	–	27	27	–	10	10
Total financial assets	93,140	14,135	645,620	752,895	1,720	10	1,730

1 Clearing member cash and cash equivalents represents amounts received from the clearing members to cover initial and variation margins, and default fund contributions that are not invested in bonds. These amounts are deposited with banks, including central banks, or invested securely in short-term reverse repurchase contracts (reverse repos).

Financial assets measured at fair value
The following table provides the fair value measurement hierarchy of the Group's financial assets measured at fair value:

	Group			
31 December 2021	Quoted prices in active markets (Level 1) £m	Significant observable inputs (Level 2) £m	Significant unobservable inputs (Level 3) £m	Total £m
Clearing business financial assets				
Derivative instruments	47	2,631	–	2,678
Non-derivative instruments	–	642,909	–	642,909
Other financial assets	13,784	–	–	13,784
	13,831	645,540	–	659,371
Investment in financial assets – equity	1	–	350	351
Derivatives not designated as hedges				
Foreign exchange forward contracts	–	27	–	27
Trade and other receivables – convertible loan notes	–	–	6	6
Total financial assets measured at fair value	13,832	645,567	356	659,755

There were no transfers between levels during the year.

The Company's derivative assets of £10 million were all classified as Level 2.

Financial liabilities

31 December 2021	Group Amortised cost £m	Group FVPL £m	Group Total £m	Company Amortised cost £m	Company FVPL £m	Company Total £m
Clearing business financial liabilities						
Clearing member trading liabilities	1,476	645,587	647,063	–	–	–
Other payables to clearing members	101,581	–	101,581	–	–	–
	103,057	645,587	748,644	–	–	–
Trade and other payables	2,727	–	2,727	846	–	846
Borrowings	7,654	–	7,654	1,740	–	1,740
Derivative financial instruments	–	52	52	–	48	48
Total financial liabilities	113,438	645,639	759,077	2,586	48	2,634

Financial liabilities measured at fair value

The following table provides the fair value measurement hierarchy of the Group's financial liabilities measured at fair value:

31 December 2021	Group Quoted prices in active markets (Level 1) £m	Group Significant observable inputs (Level 2) £m	Group Significant unobservable inputs (Level 3) £m	Group Total £m
Clearing business financial liabilities				
Derivative instruments	47	2,631	–	2,678
Non-derivative instruments	–	642,909	–	642,909
	47	645,540		645,587
Derivatives not designated as hedges:				
Foreign exchange forward contracts	–	8	–	8
Derivatives designated as hedges:				
Cross-currency interest rate swaps	–	44	–	44
Total financial liabilities measured at fair value	47	645,592	–	645,639

There were no transfers between levels during the year.

The Company's derivative liabilities of £48 million were all classified as Level 2.

The financial instruments of the Group and Company for the prior year were as follows:

Financial assets

31 December 2020	Group Amortised cost £m	Group FVOCI £m	Group FVPL £m	Group Total £m	Company Amortised cost £m	Company FVPL £m	Company Total £m
Clearing business financial assets							
Clearing member trading assets	98,736	–	632,699	731,435	–	–	–
Other receivables from clearing members	2,484	–	–	2,484	–	–	–
Other financial assets	–	24,591	–	24,591	–	–	–
Clearing member cash and cash equivalents	83,011	–	–	83,011	–	–	–
	184,231	24,591	632,699	841,521	–	–	–
Trade and other receivables	544	–	5	549	701	–	701
Cash and cash equivalents	1,785	–	–	1,785	1	–	1
Investments in financial assets – debt instruments	–	111	–	111	–	–	–
Investments in financial assets – equity instruments	–	261	–	261	–	–	
Total financial assets	186,560	24,963	632,704	844,227	702	–	702

Financial assets measured at fair value

The following table provides the fair value measurement hierarchy of the Group's financial assets:

31 December 2020	Group Quoted prices in active markets (Level 1) £m	Significant observable inputs (Level 2) £m	Significant unobservable inputs (Level 3) £m	Total £m
Clearing business financial assets				
Derivative instruments	5,867	2,726	–	8,593
Non-derivative instruments	6	624,100	–	624,106
Other financial assets	24,591	–	–	24,591
	30,464	626,826	–	657,290
Investments in financial assets – debt	111	–	–	111
Investment in financial assets – equity	–	–	261	261
Derivatives not designated as hedges				
Trade and other receivables – convertible loan notes	–	–	5	5
Total financial assets measured at fair value	30,575	626,826	266	657,667

There were no transfers between levels during 2020.

Financial liabilities

	Group			Company		
31 December 2020	Amortised cost £m	FVPL £m	Total £m	Amortised cost £m	FVPL £m	Total £m
Clearing business financial liabilities						
Clearing member trading liabilities	98,736	632,699	731,435	–	–	–
Other payables to clearing members	110,118	–	110,118	–	–	–
	208,854	632,699	841,553	–	–	–
Trade and other payables	747	–	747	866	–	866
Borrowings	1,951	–	1,951	1,944	–	1,944
Derivative financial instruments	–	17	17	–	17	17
Total financial liabilities	211,552	632,716	844,268	2,810	17	2,827

Financial liabilities measured at fair value

The following table provides the fair value measurement hierarchy of the Group's financial liabilities measured at fair value:

31 December 2020	Group Quoted prices in active markets (Level 1) £m	Significant observable inputs (Level 2) £m	Significant unobservable inputs (Level 3) £m	Total £m
Clearing business financial liabilities				
Derivative instruments	5,867	2,726	–	8,593
Non–derivative instruments	6	624,100	–	624,106
	5,873	626,826	–	632,699
Derivatives not designated as hedges				
Foreign exchange forward contracts	–	6	–	6
Derivatives designated as hedges				
Cross-currency interest rate swaps	–	11	–	11
Total financial liabilities measured at fair value	5,873	626,843	–	632,716

At 31 December 2020, the Company's derivative liabilities of £17 million are the same as those shown for the Group.

Net treasury income by classification

Net treasury income is earned from instruments held at amortised cost or fair value as follows:

- A net £195 million (2020: £261 million) was earned from financial assets and financial liabilities held at amortised cost (£399 million (2020: £614 million) income and £204 million (2020: £353 million) expense)
- A net £12 million (2020: £58 million) was earned from assets held at fair value (£23 million (2020: £152 million) income and £11 million (2020: £94 million) expense)

Hedging activities and derivatives

The Group hedges its exposure to foreign exchange and interest rate movements using derivative instruments. This includes net investment hedges and foreign currency forwards, where the group hedges its currency risk from its investment in foreign operations and cash flows, respectively. During the year, the Group also entered into short-term cash flow hedges to hedge interest rate movements in relation to the bonds issued in April 2021.

Net investment hedges

The Group has designated some of its euro and US dollar borrowings as net investment hedges. In addition, a proportion of the euro borrowings was swapped into US dollar debt via cross-currency interest rate swaps that are also designated as a net investment hedge.

There is an economic relationship between the hedged items and the hedging instruments (the borrowings) as the euro and US dollar borrowings are matched by the Group's investments in euro and US dollar assets. The Group has established a ratio of 1:1 for the hedging relationships as the underlying foreign exchange risk of the borrowings is identical to the investments. To make sure the hedge is effective, the Group makes sure that the borrowings are always less than the value of the investments. Hedge ineffectiveness only arises if the value of the hedging instruments exceeds the value of the underlying net investments. The hedging instruments are detailed below.

Cross-currency interest rate swaps

In 2017, the Group entered into cross-currency interest rate swaps in order to more closely match the Group's currency of borrowing to the currency of its net assets and earnings.

€700 million of the two €500 million bonds that were issued in 2017 and mature in 2024 and 2029 were swapped into US$836 million through a series of cross-currency interest rate swaps which mature on the same dates as the bonds. These instruments effectively exchange some of the obligations and coupons of the bonds from euros into US dollars. These swaps have been designated as a hedge of the Group's net investments in its US dollar reporting subsidiaries and qualify for hedge accounting.

€700 million cross-currency interest rate swap	2021	2020
Fair value of derivative on the balance sheet	**(£44m)**	(£11m)
Nominal value of hedging instrument	**$836m**	$836m
Hedge ratio	**1:1**	1:1
Hedge effectiveness	**100%**	100%
Change in fair value of derivative	**(£33m)**	£28m
Change in value of net investment	**£33m**	(£28m)
Cumulative amount held in hedging reserve	**(£44m)**	(£11m)

Non-derivative hedges

Non-derivative hedges relate to euro and US dollar borrowings which are matched against the Group's investments in euro and US dollar denominated subsidiaries.

The remaining €300 million of the two €500 million bonds issued in 2017 which were not swapped into US dollars together with the €500 million bond issued in 2018 qualify as hedging instruments against euro denominated subsidiaries and qualify for hedge accounting. The €700 million that has been swapped is included below and is netted against the fair value movement of the US dollar derivative in the hedging reserve.

Euro denominated bonds	2021	2020
Carrying value of debt on the balance sheet	**£1,253m**	£1,347m
Nominal value of hedging instrument	**€1,500m**	€1,500m
Hedge ratio	**1:1**	1:1
Hedge effectiveness	**100%**	100%
Change in carrying value of hedging instrument	**£94m**	(£73m)
Change in value of net investment	**(£94m)**	£73m
Cumulative amount held in hedging reserve	**£71m**	(£23m)

Throughout the financial year the Group drew on its committed bank facilities in euros and US dollars and issued euro denominated commercial paper. These drawings and issuances were designated as hedges of the Group's net investments in euro and US dollar denominated subsidiaries. As at 31 December 2021, there were no amounts drawn down on these facilities.

Revolving credit facility, bridge facility and commercial paper	2021	2020
Carrying value of debt on balance sheet	–	£314m
Nominal value of hedging instrument – euro	–	€213m
Nominal value of hedging instrument – sterling	–	£136m
Hedge ratio	–	1:1
Hedge effectiveness	–	100%
Change in carrying value of hedging instruments	**£26m**	(£19m)
Change in value of net investments	**(£26m)**	£19m
Cumulative amount held in hedging reserve	**£8m**	(£18m)

Cash flow hedges

Interest rate swaps

In February 2021, the Group entered into a series of US dollar interest rate swaps with tenors of 3 years, 5 years and 10 years, with aggregate principal amounts of US$500 million, US$1,000 million and US$1,250 million respectively. The interest rate swaps were designated as cash flow hedges with the hedged item being bond issuances that were deemed highly probable at the time. The interest rate swaps were settled in March and April 2021 when the new bonds were issued (refer to note 26 for details). At the date of settlement, a gain of US$31 million (£22 million) was recognised in the hedging reserve, representing the effective portion of the gain on the hedging instrument. This will be recycled to the income statement over the term of the debt. During the year £2 million was recycled to the income statement within continuing operations.

Hedging reserve	2021 £m	2020 £m
1 January	**(110)**	(46)
Net gains on cash flow hedges taken out in the year	**22**	–
Amounts recycled to the income statement – continuing operations	**(2)**	–
Amounts recycled to the income statement – discontinued operations	**17**	–
Net gains/(losses) on net investment hedges	**87**	(64)
31 December	**14**	(110)

As part of the sale of the Borsa Italiana group, €2,850 million of the proceeds received were exchanged from euros into US$2,822 million and £446 million and used to pay down US dollar and sterling bank debt. Cash flow hedge accounting was applied to these trades in order to reflect any exchange gain or loss alongside the profit on the sale of the group. The total loss realised on these contracts was £4 million. The cumulative loss of £17 million was recycled from the hedging reserve to the income statement within profit from discontinued operations as a result of the disposal (refer to note 4) (2020: £nil).

As at December 2021, £40 million of losses (2020: £40 million losses) remain in reserves that have not been recycled to the income statement, as the Group continues to hold the underlying investments.

Foreign currency forwards

The Group uses foreign exchange contracts to manage foreign exchange risk. It has a series of exchange contracts to purchase or sell certain currencies against sterling and US dollars in the future at fixed amounts. The cumulative sterling notional amounts of contracts outstanding as at 31 December 2021 and 2020 were as follows:

	Traded against sterling		Traded against US dollars	
Sell / (buy)	2021 £m	2020 £m	2021 £m	2020 £m
US dollar	**408**	(225)	–	–
Euro	**(237)**	(123)	**(1)**	–
Sterling	–	–	**(109)**	–
Japanese Yen	–	–	**(28)**	–
Singapore dollar	–	–	**(19)**	–
Australian dollar	–	–	**(17)**	–
Canadian dollar	–	–	**(12)**	–

The fair value of these derivatives as at 31 December 2021 was an asset of £14 million (2020: nil) and a liability of £5 million (2020: £6 million).

Embedded derivatives

The fair value of embedded derivatives as at 31 December 2021 was an asset of £13 million (2020: nil) and a liability of £3 million (2020: nil).

Hedge accounting is not applied to outstanding foreign currency forwards or embedded derivatives.

20. Offsetting financial assets and financial liabilities

Accounting policy

The Group reports financial assets and financial liabilities on a net basis on the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liabilities simultaneously.

Significant accounting judgements

The Group uses its judgement to apply the rules of legal right of set off and intent to net settle within clearing member balances. The carrying values of the balances are offset at what the Group considers an appropriate level to arrive at the net balances reported in the balance sheet. The Group has an aligned approach for its CCP subsidiaries to make sure the principles are applied consistently across similar assets and liabilities. The approach is reviewed on a regular basis to make sure it remains the most appropriate.

The following tables show the impact of netting arrangements on all financial assets and financial liabilities that are reported net on the balance sheet:

31 December 2021	Gross amount £m	Amount offset £m	Net amount as reported £m
Other financial assets	1,286,359	(1,283,682)	2,677
Repurchase agreements	794,543	(150,157)	644,386
Total assets	2,080,902	(1,433,839)	647,063
Other financial liabilities	(1,302,809)	1,300,132	(2,677)
Reverse repurchase agreements	(794,543)	150,157	(644,386)
Total liabilities	(2,097,352)	1,450,289	(647,063)

31 December 2020	Gross amount £m	Amount offset £m	Net amount as reported £m
Other financial assets	1,389,935	(1,381,326)	8,609
Repurchase agreements	841,309	(118,483)	722,826
Total assets	2,231,244	(1,499,809)	731,435
Other financial liabilities	(1,419,738)	1,411,129	(8,609)
Reverse repurchase agreements	(841,309)	118,483	(722,826)
Total liabilities	(2,261,047)	1,529,612	(731,435)

All offset amounts are clearing member trading assets and trading liabilities within the Group's CCP businesses' financial instruments.

The Group's CCP companies sit in the middle of members' transactions and hold default funds and margin amounts as a contingency against the default of a member. As such, further amounts are available to offset in the event of a default reducing the asset and liability of £647,063 million (2020: £731,435 million) to nil.

21. Trade and other receivables

Accounting policy

Trade receivables are initially recognised at the amount of the consideration that is unconditionally due. They are subsequently measured at amortised cost, less any expected credit loss. The Group's approach to calculating expected credit loss allowances is described in note 19.

Fees receivable are recognised when the Group has an unconditional right to consideration in exchange for goods or services transferred, but no fee invoice has been formally issued. Amounts are transferred to trade receivables when a formal invoice has been issued.

Other receivables are initially recognised at fair value and subsequently at amortised cost, less any loss allowance as described above.

When a receivable is no longer expected to be recovered, the full amount is written off. The Group will continue to seek recovery and any subsequent amounts recovered against amounts previously written off are recognised in the income statement.

Refer to note 24 for the **net investment in leases** accounting policy, when the Group sub-lets property right-of-use assets.

The Group has a **tax indemnity receivable** from Thomson Reuters for tax liabilities incurred before Refinitiv (previously the Thomson Reuters Financial & Risk Business) separated from Thomson Reuters on 1 October 2018. The tax indemnity receivable is measured on the same basis as the indemnified tax liabilities. When there is a change in the indemnified tax liabilities, which is recognised within tax in the income statement, there is an offsetting change in the tax indemnity receivable. This change is recognised within operating expenses in the income statement.

Contract assets are recognised when the Group has a conditional right to consideration from a customer in exchange for goods or services transferred. Contract assets are transferred to trade or fees receivables when the entitlement to payment becomes unconditional and only the passage of time is required before payment is due.

	Notes	Group 2021 £m	Group 2020 £m	Company 2021 £m	Company 2020 £m
Non-current					
Net investments in leases	24	**80**	1	**–**	–
Convertible loan notes	19	**6**	5	**–**	–
Other receivables		**115**	7	**52**	–
Amounts due from Group companies	32	**–**	–	**40**	45
Fees receivable		**1**	1	**–**	–
Total non-current receivables		**202**	14	**92**	45
Current					
Trade receivables		**497**	302	**2**	–
Fees receivable		**230**	123	**–**	–
Expected credit loss on trade receivables		**(7)**	(11)	**–**	–
Net trade receivables		**720**	414	**2**	–
Amounts due from Group companies	32	**–**	–	**1,333**	569
Amounts due from associates	32	**–**	3	**–**	–
Group relief receivable		**–**	–	**105**	45
Other receivables		**104**	118	**46**	58
Amounts classified as financial instruments		**824**	535	**1,486**	672
Prepayments		**141**	57	**10**	5
Contract assets		**2**	2	**–**	–
Total current trade and other receivables		**967**	594	**1,496**	677
Total receivables		**1,169**	608	**1,588**	722

The carrying amounts of the Group's current trade and other receivables are denominated in the following currencies:

	2021 £m	2020 £m
Sterling	**310**	256
Euro	**66**	154
US dollar	**503**	175
Other currencies	**88**	9
	967	594

Provision for expected credit losses

Movements in the Group's provision for expected credit losses on trade receivables are as follows:

	2021 £m	2020 £m
1 January	**11**	9
New provisions for expected credit losses	**1**	5
Amounts written off as uncollectible	**(3)**	(2)
Amounts recovered in the year	**–**	(1)
Disposal of business	**(2)**	–
31 December	**7**	11

The creation and release of provisions for expected credit losses are recognised in operating expenses in the income statement. Amounts are written off when there is no expectation of recovering additional cash.

Other classes of trade and other receivables and other categories of financial assets do not contain impaired assets.

22. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, short-term deposits, money market funds and other instruments and structures that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

	Group 2021 £m	Group 2020 £m	Company 2021 £m	Company 2020 £m
Cash at bank	**758**	644	**3**	1
Cash equivalents	**1,907**	1,141	**139**	–
Total cash and cash equivalents	**2,665**	1,785	**142**	1

At 31 December 2021, cash and cash equivalents include £1,261 million (2020: £1,242 million) of amounts held by regulated entities for regulatory and operational purposes and £12 million (2020: nil) held by subsidiaries which operate in countries where exchange controls or other legal restrictions apply and which was therefore not available for general use by the Group. Cash and cash equivalents do not include amounts held by the CCPs on behalf of their clearing members.

23. Trade and other payables

Accounting policy

Trade and other payables, including accrued expenses, are initially recognised at fair value, which is usually the amount invoiced. They are subsequently measured at amortised cost.

In connection with Tradeweb's initial public offering, Tradeweb entered into a tax receivable agreement with the owners of Tradeweb Markets LLC (the LLC Owners) immediately prior to Tradeweb's IPO. Under the agreement, Tradeweb is required to make cash payments to the LLC Owners equal to 50% of the amount of tax savings, if any, that Tradeweb realises as a result of certain future tax benefits which Tradeweb is entitled to. **The Tradeweb tax receivable agreement liability** is measured at amortised cost.

The Group has a **tax indemnity payable** to Thomson Reuters with a matching tax receivable. The tax indemnity payable is measured on the same basis as the indemnified tax receivable. When there is a change in the indemnified tax receivable, which is recognised within tax in the income statement, there is an offsetting change in the tax indemnity payable. This change is recognised within operating expenses in the income statement.

		Group		Company	
	Notes	2021 £m	2020 £m	2021 £m	2020 £m
Non-current					
Lease liabilities	24	**547**	147	**–**	–
Tradeweb tax receivable agreement liability		**276**	–	**–**	–
Other non-current payables		**236**	5	**202**	–
Total non-current payables		**1,059**	152	**202**	–
Current					
Trade payables		**259**	54	**4**	3
Other payables		**271**	69	**15**	18
Lease liabilities	24	**168**	42	**–**	–
Accrued expenses		**969**	429	**28**	81
Amounts owed to subsidiaries	32	**–**	–	**597**	764
Amounts owed to associates	32	**1**	1	**–**	–
Amounts classified as financial instruments		**1,668**	595	**644**	866
Social security and other taxes		**114**	18	**–**	–
Total current trade and other payables		**1,782**	613	**644**	866
Total payables		**2,841**	765	**846**	866

24. Lease liabilities and net investments in leases

Accounting policy

Group as lessee

Lease liabilities

Lease liabilities are recognised at the net present value of the remaining future payments to be made over the lease term.

The net present value is determined using a discount rate equivalent to the incremental borrowing rate of the leasing entity, unless there is a rate implicit within the lease agreement. Subsequently, the value of the discount is recognised over the life of the lease on a reducing balance basis as lease interest in finance expenses.

Where a lease includes a break clause or extension option, management uses its best estimate on the likely outcome on a lease by lease basis. Variable lease payments based on an index are estimated at the commencement date and revalued on an annual basis.

Lease payments due within the next 12 months are classified as current liabilities. Payments due after 12 months are classified as non-current payables.

Short-term leases and leases of low value assets

Rental costs for leased assets that are for less than 12 months or are for assets with an individual value of less than £5,000 are recognised directly in the income statement on a straight-line basis over the life of the lease.

Group as lessor

Finance leases

Where the Group sub-lets a property right-of-use asset for substantially all the useful life of that asset, this is recognised as a finance lease. On commencement of a sub-lease, the property right-of-use asset is treated as disposed of and a net investment in lease equivalent to the net present value of the future rent receipts is recognised. The value of the discount is recognised over the life of the sub-lease on a reducing balance basis as interest income in finance income.

Where the value of the receipts is lower than the amount payable on the head-lease, a loss on disposal of the right-of-use asset is recognised in the income statement.

Notes to the financial statements continued

Operating leases

A right-of-use asset that is sub-let for less than its expected useful life is recognised as an operating lease and rental income is recognised as received in other income. The Group continues to recognise the property right-of-use asset.

Movements in lease liabilities were as follows:

	Notes	2021 £m	2020 £m
1 January		**189**	183
Lease liabilities assumed on acquisition of subsidiaries	3	**588**	–
Disposal of business	4	**(31)**	–
Leases terminated early	14	**(2)**	(3)
New lease contracts	14, 15	**54**	51
Lease modifications	14	**33**	3
Lease interest expense	10	**12**	4
Lease payments		**(130)**	(50)
Foreign exchange translation		**2**	1
31 December		**715**	189
Current lease liabilities	23	**168**	42
Non-current lease liabilities	23	**547**	147
Total lease liabilities		**715**	189

The Group is both a lessee and lessor of assets.

Group as lessee

Right-of-use assets are disclosed within property, plant and equipment (refer to note 14) and intangible assets (refer to note 15).

The maturity of the Group's lease commitments is disclosed within the risk management note (refer to note 2). Lease liabilities are included within trade and other payables (refer to note 23).

The weighted average discount rate used by the Group for lease liabilities was 1.8% (2020: 2.3%).

A limited number of the Group's leases are subject to variable lease payments linked to publicly available indexes. Adjustments to the value of the lease liability and associated assets are made annually, but do not have a material impact on the Group's net assets.

The Group decided not to exercise an early break clause on one of its property right-of-use assets during the year. Previously the right-of-use asset had been valued as if the break clause would be exercised. The resulting lease modification gave rise to an increase in assets and liabilities of £40 million. Other modifications to lease terms during the year reduced assets and liabilities by £7 million.

The Group leases many properties around the world with lease terms varying from monthly up to 15 years. Many of these leases contain options to terminate or extend the lease, the exercise of which would have a significant effect on the assets and liabilities of the Group.

The total amount paid during the year for all leased assets was £130 million (2020: £50 million) of which £118 million (2020: £43 million) was repayment of the principal element of lease liabilities.

Group as lessor

The Group sub-lets a number of its properties where there is surplus space or the office is no longer used by the business. The Group has both finance and operating sub-leases. Net investments in leases are shown within trade and other receivables (refer to note 21). The increase in value during the year arises from the acquisition of Refinitiv (refer to note 3). Finance income of £2 million (2020: £1 million) was recognised on these leases.

The expected maturity of the lease receipts is as follows:

Maturity of lease receipts	Within 1 year £m	More than 1 year, less than 2 years £m	More than 2 years, less than 5 years £m	More than 5 years £m	Total £m
Lease payments receivable	**11**	**11**	**21**	**57**	**100**

25. Contract liabilities

Accounting policy

Revenue relating to future periods is classified as a **contract liability** on the balance sheet to reflect the Group's obligation to transfer goods or services to a customer in the future for which it has received consideration, or an amount of consideration is due, from the customer.

Contract liabilities are amortised and recognised as revenue over the period the services are rendered.

Refer to note 6 for the revenue accounting policy and estimate related to the deferral period for admission and listing services of the Primary Markets business.

The Group has the following contract liabilities:

Group	2021 £m	2020 £m
Non-current	101	94
Current	245	168
Total contract liabilities	346	262

The changes in the Group's contract liabilities during the year are as follows:

	Notes	2021 £m	2020 £m
1 January		262	245
Contract liabilities assumed on acquisition of subsidiaries	3	612	–
Disposal of business	4	(14)	–
Recognised as revenue during the year		(764)	(153)
Deferred during the year		254	171
Foreign exchange translation		(4)	(1)
		346	262

The Group's contract liabilities are expected to be recognised in the following periods after 31 December 2021:

	Data & Analytics £m	Capital Markets £m	Post Trade £m	Group £m
Less than 1 year	175	64	6	245
More than 1 year but less than 5 years	3	93	–	96
More than 5 years	–	5	–	5
	178	162	6	346

26. Borrowings

Accounting policy

Borrowings are initially recorded at the fair value of amounts received, net of capitalised direct issue costs and arrangement fees (including upfront facility fees). Subsequently, these liabilities are carried at amortised cost. Interest payable on the borrowings is recognised in the income statement over the period of the borrowings using the effective interest rate method. Similarly, direct issue costs and arrangement fees (including upfront facility fees) are recognised in the income statement over the period of the borrowings using the effective interest rate method.

	Group		Company	
	2021 £m	2020 £m	2021 £m	2020 £m
Non-current				
Bank borrowings – committed bank facilities and term loans[1]	1,347	(2)	(6)	(2)
Trade finance loans	1	1	–	–
Bonds	6,306	1,347	1,746	1,347
Total non-current borrowings	7,654	1,346	1,740	1,345
Current				
Bank borrowings – committed bank facilities	–	135	–	129
Commercial paper	–	170	–	170
Bonds	–	300	–	300
Total current borrowings	–	605	–	599
Total borrowings	7,654	1,951	1,740	1,944

1 Balances are shown net of capitalised arrangement fees. Where there are no amounts borrowed on a particular facility, this gives rise to a negative balance.

Notes to the financial statements continued

The Group has the following committed bank facilities, loans and unsecured bonds:

	Expiry date	Facility/ bond £m	Carrying value 2021 £m	Carrying value 2020 £m	Interest rate %
Committed bank facilities					
Dual-currency bridge facility			–	(8)	LIBOR + 0.300
Multi-currency revolving credit facility			–	6	LIBOR + 0.450
Multi-currency revolving credit facility	Dec 2024	1,425	**(3)**	138	see note[2]
Multi-currency revolving credit facility	Dec 2026	1,075	**(3)**	(1)	see note[2]
Total committed bank facilities[1]		2,500	**(6)**	135	
Commercial paper			–	170	(0.380)
Committed term loans					
€500 million term loan	Dec 2023		**126**	–	EURIBOR + 0.725
$2,000 million term loan	Dec 2023		**1,227**	(2)	see note[2]
Total committed term loans[1]			**1,353**	(2)	
Bonds					
£300 million bond, issued November 2012	Nov 2021	–	–	300	4.750
$500 million bond, issued April 2021	Apr 2024	370	**369**	–	0.650
€500 million bond, issued September 2017	Sep 2024	419	**419**	450	0.875
€500 million bond, issued April 2021	Apr 2025	419	**419**	–	–
$1,000 million bond, issued April 2021	Apr 2026	741	**738**	–	1.375
€500 million bond, issued December 2018	Dec 2027	419	**417**	448	1.750
€500 million bond, issued April 2021	Apr 2028	419	**417**	–	0.250
$1,000 million bond, issued April 2021	Apr 2028	741	**737**	–	2.000
€500 million bond, issued September 2017	Sep 2029	419	**417**	449	1.750
£500 million bond, issued April 2021	Apr 2030	500	**493**	–	1.625
$1,250 million bond, issued April 2021	Apr 2031	926	**919**	–	2.500
€500 million bond, issued April 2021	Apr 2033	419	**413**	–	0.750
$750 million bond, issued April 2021	Apr 2041	556	**548**	–	3.200
Total bonds		6,348	**6,306**	1,647	
Trade finance loans	Nov 2023		**1**	1	7.300
Total committed facilities, loans and unsecured notes			**7,654**	1,951	

1 Negative balances represent the value of unamortised arrangement fees
2 As part of the IBOR Reform, a Credit Adjustment Spread (CAS) has been applied where US dollar and sterling LIBOR rates were respectively replaced with SOFR and SONIA rates in the bank facilities. The CAS is variable and depends on the tenor and currency of the borrowings.

Committed bank facilities
On 29 January 2021, as part of the Refinitiv acquisition, the Group refinanced the debt acquired with Refinitiv by drawing down £8 billion on its dual-currency bridge facility, €500 million (£430 million) on its euro term loan, US$2,000 million (£1,468 million) on its US dollar term loan and £500 million on its multi-currency revolving credit facilities. The draw downs on the bridge facility and revolving credit facilities were repaid in April 2021 using funds received from bond issues (see below) and proceeds from the sale of the Borsa Italiana group. The bridge facility was cancelled upon repayment.

Multi-currency revolving credit facilities
In December 2020, the Group arranged a £1,075 million syndicated committed facility maturing in December 2025. This was to replace the former £600 million facility which would have matured in November 2022. In December 2021, the first of two 1-year extension options were taken up, extending the maturity to December 2026. In December 2020, the Group had also increased the £600 million Revolving Credit Facility agreement maturing in December 2024 to £1,425 million. These new facility arrangements became effective in January 2021. The revolving credit facilities were drawn down during the year and fully repaid as at 31 December 2021 (2020: £143 million).

Commercial paper
The Group maintained its £1 billion Euro Commercial Paper Programme. There were no outstanding issuances at 31 December 2021 (2020: €188 million (£170 million)).

Term loan facilities
In December 2020, the Group arranged €500 million and US$2,000 million 3-year term loan facilities which became effective in January 2021 and mature in December 2023. The term loans were fully drawn in January 2021 and partly repaid by €350 million and US$340 million respectively during the year.

Bonds
In April 2021, the Group issued nine new senior unsecured bonds using its newly established Global Medium-Term Note Programme. The £5 billion issued consisted of US$4.5 billion (£3.2 billion), €1.5 billion (£1.3 billion) and £500 million with maturities between April 2024 and April 2041.

The Group's £300 million 4.75% bond, issued in 2012, matured in November 2021.

Other Group facilities
In accordance with the Committee on Payments and Market Infrastructures, the International Organisation of Securities Commissions and Principles for Financial Market Infrastructures, many central banks now allow CCPs to apply for access to certain central bank facilities. LCH SA has a French banking licence and is able to access financing at the European Central Bank to support its liquidity position. LCH Ltd is deemed to have sufficient fungible liquid assets to maintain an appropriate liquidity position and has direct access to central bank facilities to support its liquidity risk management in accordance with the requirements under European Market Infrastructure Regulation.

In addition, a number of Group entities have access to uncommitted operational, money market and overdraft facilities which support post trade activities and day-to-day liquidity requirements.

None of these facilities were drawn during the year.

Fair values
All the Group's borrowings are recognised at amortised cost on the balance sheet. In some cases this may differ from their fair value.

Bonds are classified as Level 1 of the fair value hierarchy for determining and disclosing the fair value of financial instruments (as described in the accounting policy of note 19). Bond fair values are as quoted in the relevant fixed income markets.

Bank borrowings and commercial paper are classified as Level 2 (see definition in note 19). The fair values of these instruments are based on discounted cash flows which are discounted using a rate based on borrowing cost.

The fair values of the Group's borrowings are as follows:

	2021		2020	
Group	**Carrying value £m**	**Fair value £m**	**Carrying value £m**	**Fair value £m**
Non-current	7,654	7,765	1,346	1,466
Current	–	–	605	616
Total borrowings	**7,654**	**7,765**	1,951	2,082

The fair values of the Company's borrowings are as follows:

	2021		2020	
Company	**Carrying value £m**	**Fair value £m**	**Carrying value £m**	**Fair value £m**
Non-current	1,740	1,826	1,345	1,466
Current	–	–	599	610
Total borrowings	**1,740**	**1,826**	1,944	2,076

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2021			2020		
Currency	Drawn £m	Swapped £m	Effective £m	Drawn £m	Swapped £m	Effective £m
Sterling	484	–	484	421	–	421
Euro	2,630	(619)	2,011	1,530	(613)	917
US dollar	4,540	619	5,159	–	613	613
Total	7,654	–	7,654	1,951	–	1,951

The carrying amounts of the Company's borrowings are denominated in the following currencies:

	2021			2020		
Currency	Drawn £m	Swapped £m	Effective £m	Drawn £m	Swapped £m	Effective £m
Sterling	483	–	483	420	–	420
Euro	1,257	(619)	638	1,524	(613)	911
US dollar	–	619	619	–	613	613
Total	1,740	–	1,740	1,944	–	1,944

Analysis of net debt

Net debt comprises cash and cash equivalents less interest bearing loans and borrowings, lease liabilities, and derivative financial instruments.

	Group		Company	
	2021 £m	2020 (Re-presented)[1] £m	2021 £m	2020 (Re-presented)[1] £m
Current				
Cash and cash equivalents	2,665	1,785	142	1
Bank borrowings	–	(135)	–	(129)
Commercial paper	–	(170)	–	(170)
Bonds	–	(300)	–	(300)
Lease liabilities	(168)	(42)	–	–
Derivative financial assets	25	–	10	–
Derivative financial liabilities	(7)	(6)	(5)	(6)
Net amounts owed from/(to) subsidiary companies	–	–	736	(195)
Total due within one year	2,515	1,132	883	(799)
Non-current				
Bank borrowings	(1,347)	2	6	2
Net amounts owed from Group companies	–	–	40	45
Bonds	(6,306)	(1,347)	(1,746)	(1,347)
Trade finance loans	(1)	(1)	–	–
Lease liabilities	(547)	(147)	–	–
Derivative financial assets	2	–	–	–
Derivative financial liabilities	(45)	(11)	(43)	(11)
Total due after one year	(8,244)	(1,504)	(1,743)	(1,311)
Net debt at 31 December	(5,729)	(372)	(860)	(2,110)

1 The 2020 analysis of net debt has been re-presented to include lease liabilities and net amounts owed from/(to) subsidiary companies

Reconciliation of net cash flow to movement in net debt

	Group 2021 £m	Group 2020 (Re-presented)[1] £m	Company 2021 £m	Company 2020 (Re-presented)[1] £m
Increase/(decrease) in cash and cash equivalents	940	237	155	(1)
Bond issue proceeds	(5,061)	–	(500)	–
Bond repayment	300	–	300	–
Net repayments on commercial paper	170	101	170	101
Net repayments on short-term bank borrowings	122	–	116	–
Additional drawdowns from bank credit facilities	(1,883)	(4)	–	(4)
Repayments made towards bank credit facilities	548	127	–	125
Arrangement fees paid	52	4	11	–
Trade finance loans received	–	(1)	–	–
Lease liability principal repaid	118	43	–	–
Change in net debt resulting from cash flows	(4,694)	507	252	221
Foreign exchange	8	(36)	108	(91)
Movement on derivative financial assets and liabilities	(8)	21	(21)	21
Movement in bank credit facility arrangement fees	(19)	(2)	(15)	2
Net amounts owed from/(to) Group companies	–	–	926	(41)
Lease liabilities acquired in year	(644)	(49)	–	–
Net debt at 1 January	(372)	(813)	(2,110)	(2,222)
Net debt at 31 December	(5,729)	(372)	(860)	(2,110)

1 The 2020 analysis of net debt has been re-presented to include lease liabilities and net amounts owed from/(to) subsidiary companies

Movement in financial liabilities arising from financing activities:

	31 December 2020 £m	Cash flows from financing activities[1] £m	Arrangement fees paid[2] £m	Foreign exchange £m	Other movements[3] £m	31 December 2021 £m
Bank borrowings	133	1,214	(10)	(4)	14	1,347
Trade finance loans	1	–	–	–	–	1
Bonds	1,647	4,761	(42)	(65)	5	6,306
Commercial paper	170	(170)	–	–	–	–
Lease liabilities	189	(118)	–	2	642	715
	2,140	5,687	(52)	(67)	661	8,369

	31 December 2019 £m	Cash flows from financing activities £m	Arrangement fees paid[2] £m	Foreign exchange £m	Other movements[3] £m	31 December 2020 £m
Bank borrowings	256	(123)	(4)	3	1	133
Trade finance loans	–	1	–	–	–	1
Bonds	1,573	–	–	73	1	1,647
Commercial paper	256	(101)	–	15	–	170
Lease liabilities	183	(48)	–	1	53	189
	2,268	(271)	(4)	92	55	2,140

1 The Group assumed borrowings of £10,462 million on acquisition of Refinitiv (refer to note 3), which was repaid on 29 January 2021
2 Arrangement fees paid on funding arrangements are included in other financing activities within the Group's cash flows from financing activities
3 Other movements comprise non-cash movements relating to amortisation of arrangement fees of £19 million (2020: £2 million) and movements in lease liabilities (refer to note 24)

27. Provisions

Accounting policy

A provision is recognised where there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the present value, at the end of the reporting period, of the best estimate of the expenditure required to settle the present obligation, i.e. the present value of the amount that the Group would rationally pay to settle the obligation at the balance sheet date or to transfer it to a third party.

Property provisions represent the present value of the Group's estimate of the cost of fulfilling lease obligations for dilapidations on its right-of-use assets.

All provisions are discounted where the time value of money is considered material. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance expense in the income statement.

Group	Note	Property[1] £m	Other[2] £m	Total £m
1 January 2021		14	1	15
Provisions assumed on acquisition of subsidiaries	3	**21**	**19**	**40**
Utilised in the year		**(3)**	**(6)**	**(9)**
Unwinding of discount on provision		**1**	–	**1**
Provisions no longer required		**(1)**	–	**(1)**
Provided during the year		**10**	**4**	**14**
31 December 2021		**42**	**18**	**60**
Current provisions		**2**	**14**	**16**
Non-current provisions		**40**	**4**	**44**
Total provisions		**42**	**18**	**60**

1 The property provision represents the estimated net present value of future dilapidation costs.
2 Other provisions primarily relate to the expected costs arising from restructuring.

The majority of the non-current provisions are expected to be due within 10 years.

28. Pension and other retirement benefit schemes

Accounting policy

The Group operates defined benefit and defined contribution pension schemes. For the **defined benefit schemes** the service cost, representing benefits accruing to employees, is included as an operating expense. The interest cost is recognised in finance expense and interest income is recognised in finance income. They are calculated by applying the discount rate to the net defined benefit liability or asset at the start of each annual reporting period. The discount rate is based on market interest rates of high-quality, fixed-rate debt securities adjusted to reflect the duration of expected future cash outflows for pension benefit payments.

Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions or differences between actual and expected returns on assets are recognised at each period end net of tax in the statement of comprehensive income. The net asset or liability recognised on the balance sheet comprises the difference between the present value of pension obligations and the fair value of scheme assets.

For **defined contribution schemes**, the expense is recognised in profit or loss as incurred.

Significant accounting judgements

In terms of the current accounting standards, the Group judges that it can expect any remaining pension surplus to be refunded in full to the Group on the winding up of the schemes. It therefore continues to recognise these r**etirement benefit assets** on the balance sheet in full.

Significant accounting estimates and assumptions

Defined benefit pension asset or liability is determined based on the present value of future pension obligations using assumptions determined by the Group with advice from an independent qualified actuary. An actuarial valuation involves making various assumptions that may differ from what actually happens in the future. These include the determination of the discount rate, future employment and compensation levels, average years employed, average life spans, and payment elections. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions.

Pension costs for continuing operations are as follows:

Continuing	Notes	2021 £m	2020 (Re-presented) £m
Defined contribution schemes		**67**	22
Defined benefit schemes – current/past service cost, curtailment and expenses		**15**	5
Pension costs recognised in staff costs	8	**82**	27
Net finance income	10	**(6)**	(1)
		76	26

The Group's retirement benefit schemes
Substantially all of the Group's employees participate in defined benefit or defined contribution future benefit schemes. The most significant defined benefit schemes are:
- the Reuters Pension Fund (RPF)
- the Supplementary Pension Scheme (SPS)
- the London Stock Exchange Retirement Plan (LSERP)
- the LCH Pension Scheme in the UK (LCH UK)

These schemes are collectively known as the 'Large UK' schemes. On 5 September 2016, LSERP and LCH UK underwent a sectionalised merger into a new London Stock Exchange Group Pension Scheme (LSEGPS). The scheme maintains separate LCH and LSE Sections.

On 30 September 2021, the Trustees of SPS entered into a bulk annuity policy with Legal & General (L&G) covering all of the scheme's deferred and retiree obligations. The purpose of the arrangement is to reduce pension volatility by transferring longevity risk to L&G and further improve inflation risk and the matching of assets and liabilities. As of 31 December 2021, the SPS buy-in amounted to £254 million. The RPF and LSERP also have partial buy-in arrangements in place amounting to £576 million (2020: nil) and £186 million (2020: £197 million), respectively.

Except when required by law, virtually all defined benefit schemes are closed to new employees. Most new employees are eligible to participate in defined contribution schemes instead. Outside of the UK, some countries operate pension schemes in accordance with the local regulations and practices. All schemes are governed by the local regulatory framework and employment laws in the country in which they operate.

Defined contribution schemes
The Group sponsors various defined contribution savings plans that provide for matching contributions. Most new employees are eligible to participate in defined contribution schemes.

Defined benefit schemes
Defined benefit schemes provide pension and other post-retirement benefits for covered employees. Costs of future employee benefits are accrued over the period in which employees earn the benefits. Scheme obligations and costs are determined by an independent qualified actuary, on a regular basis, in line with IAS 19 *Employee Benefits*, using the projected unit credit method. The obligations are measured by discounting the best estimate of future cash flows to be paid out of the scheme and are reflected in the Group balance sheet.

Benefits are payable generally on salary and years of service, although each plan has a unique benefits formula. Employees of the Large UK schemes (and in some smaller schemes) may also make voluntary contributions to augment future benefits. The normal retirement age is typically in the range of 60 and 65 years and benefits are generally payable in annuity or lump sum upon retirement. Most schemes include provisions for early retirement or death and include survivor and disability benefits. Under the Large UK schemes, vested benefits of former employees who are not yet of retirement age are held in deferment. Eligible benefits under the Large UK schemes increase based on inflation.

The Group bears the cost of the Large UK schemes (less employee contributions). However, the responsibility for managing and governing the Large UK schemes lies with an independent trustee board for each scheme (the "Trustees"). The Trustees are responsible for carrying out triennial valuations (unless circumstances require an earlier review) and securing funding for benefit payments. In order to develop funding valuations and investment policies, the Trustees consult with the scheme's actuary (who is independent of the Group's actuary), the scheme's investment advisors (also independent of the Group's investment advisors) and the Group.

The Trustees and the Group must agree on a schedule of contributions in support of funding objectives. The Group has separate funding agreements with the respective Large UK schemes' Trustees. These provide for ongoing contributions to fund current service accruals and scheduled deficit recovery contributions (usually over a period of several years) to remedy prior funding deficits. These arrangements are updated in conjunction with the triennial valuations.

The Group has provided guarantees to the Trustees of the RPF and to the Trustees of the SPS in conjunction with triennial valuation and funding agreements. As of 31 December 2021, the aggregate maximum liability under the guarantees was £700 million for the RPF and £120 million for the SPS.

Pension risks
The principal risk to which the defined benefit schemes expose the Group arises from an increase in pension liabilities.

The pension liabilities could increase in the following circumstances:
- if increases in the plan liabilities are not accompanied by corresponding increases in the scheme assets
- if investment returns are lower than assumed
- if inflation is higher than expected, increasing liabilities through indexing of pension payments
- members live longer than expected, increasing the length of time for which pensions have to be paid

An increase in pension liabilities could lead to an increase in the pension deficit or a reduction in any surplus. Defined benefit schemes are normally revalued by actuaries every three years. Where any material funding gap is identified by this process, the Trustees will agree a schedule of contributions with the sponsor company. Such contributions would have a financial impact on the Group.

In addition, for the RPF, the SPS and the LSE Section of LSEGPS, the Group is exposed to the creditworthiness of the buy-in insurance provider. A failure of the buy-in insurance provider would reduce the pension assets and could also lead to a pension deficit, or an increase in the pension deficit, and the need for contributions from the Group.

Retirement benefit assets and obligations
The amounts recognised in the balance sheet include the assets and liabilities of the Large UK schemes, as well as various smaller schemes. The assets of these schemes are held separately from those of the Group. They do not include any of the Group's own financial instruments, nor any property occupied by, or other assets used by, the Group.

Notes to the financial statements continued

Changes in the net retirement benefit assets are as follows:

	Notes	2021 £m	2020 £m
1 January		**63**	49
Net defined benefit assets acquired and obligations assumed on acquisition of subsidiaries	3	**282**	–
Disposal of business	4	**8**	–
Pension costs		**(10)**	(6)
Actuarial gains/(losses)		**101**	(1)
Employer contributions and benefits paid		**33**	22
Other		**6**	(2)
Foreign exchange translation		–	1
31 December		**483**	63
Retirement benefit assets		**568**	81
Retirement benefit obligations		**(85)**	(18)

As at 31 December 2021, the Group has recognised the following net defined benefit assets on the basis that the Group has access to the surplus in event of a wind-up of the scheme. No asset ceiling has therefore been applied to the net surplus recognised:

- RPF of £433 million (2020: £nil)
- LCH section of £75 million (2020: £63 million)
- LSE section of £33 million (2020: £18 million)
- SPS of £4 million (2020: £nil)

Furthermore, none of these schemes have minimum funding commitments.

Material defined benefit schemes

The detail that follows relates to the material defined benefit schemes, which primarily relate to the Large UK schemes.

The changes in the present value of the defined benefit obligations during the year are as follows:

	Notes	2021 £m	2020 £m
1 January		**692**	623
Defined benefit obligations assumed on acquisition of subsidiaries	3	**2,992**	–
Pension expense/(income) recognised in the income statement			
Past/current service cost and administrative fees		**17**	2
Interest cost		**44**	13
Curtailment		**(3)**	–
Remeasurements recognised in other comprehensive income			
Actuarial (gains)/losses – financial assumptions		**(120)**	84
Actuarial (gains)/losses – demographic assumptions		**(1)**	6
Actuarial losses/(gains) – experience		**62**	(2)
Benefits paid		**(129)**	(34)
Plan participants' contributions		**2**	–
Other		**(2)**	–
Foreign exchange translation		**1**	–
31 December		**3,555**	692

The movements in the fair value of scheme assets during the year are as follows:

	Notes	2021 £m	2020 £m
1 January		**773**	689
Scheme assets acquired on acquisition of subsidiaries	3	**3,274**	–
Interest income		**50**	14
Return on plan assets, excluding interest income, recognised in other comprehensive income		**38**	87
Employer contributions		**33**	18
Plan participants' contributions		**2**	–
Expenses		–	(2)
Benefits paid		**(129)**	(34)
Foreign exchange translation		**2**	1
31 December		**4,043**	773

The fair values of each major class of scheme assets are as follows:

	2021 £m	2020 £m
Equities		
– Quoted	**274**	79
– Not quoted	**25**	1
Bonds		
– Quoted	**555**	184
– Not quoted	**1,713**	305
Buy-in policy	**1,016**	197
Cash and cash equivalents	**60**	3
Multi-assets and other	**400**	4
Total fair value of assets	**4,043**	773

Investment policy of material plans

Scheme Trustees set investment policies and strategies for each plan and oversee investment allocation. This includes selecting investment managers, commissioning periodic asset-liability studies, and setting long-term strategic targets. The scheme Trustees may consult with the Group in setting investment policy, but the scheme Trustees are accountable for it. Investment allocation takes into consideration a number of factors, including: the funded status of the scheme; setting the right balance between risk and return; the scheme's liquidity needs; current and expected economic and market conditions; specific asset class risk; as well as the risk profile and maturity pattern of the scheme.

The principal investment objectives are to:
- ensure funds are available to pay pension benefits as they become due under a broad range of future economic scenarios
- maximise long-term investment return with an acceptable level of risk based on our pension obligation
- diversify broadly across and within the capital markets to insulate asset values against diverse experience in any one market

Target investment allocation ranges are guidelines, not limitations. Funded plans may have broadly diversified portfolios with investments in equities, fixed income, real estate, insurance contracts, derivatives, and other asset classes through direct ownership or through other instruments such as mutual funds, commingled funds, and hedge funds. Derivatives may be used to achieve investment objectives or as a component of risk management (such as for interest rate and currency management strategies).

The assets held by the Group's defined benefit schemes mainly consist of government and corporate bonds, and various investment vehicles. Scheme assets are invested to adequately secure benefits and to minimise the need for long-term contributions to the schemes. However, specific investment allocation will vary across schemes.

The Trustees invest the schemes' assets in a portfolio of physical assets and liability-matching assets.

The physical assets have the objective of outperforming the liabilities by investing in a suitably diversified range of assets, consisting of risk premia strategies, corporate bonds (and other credit alternatives) and property which together are expected to reduce investment volatility.

The liability-matching assets seek to hedge against the interest rate and inflation risks associated with liabilities. The assets are predominantly gilts, both nominal and index-linked. The RPF, SPS and LSERP schemes also includes bulk annuity transactions insuring the benefit for a part of the schemes' liabilities.

This combination of physical assets and liability-matching assets is expected to provide an appropriate risk and return profile, with suitable interest rate and inflation hedging characteristics, consistent with lower volatility and improved funding levels.

Contributions

The group contributed £33 million (2020: £18 million) to its material defined benefit schemes. The Group expects to contribute approximately £30 million to its material defined benefit schemes in 2022.

For the Large UK schemes, the Trustees have the right to call for special valuations, which could subsequently result in the Group having to make an unexpected contribution. Market-related factors may also affect the timing and the amount of the contributions.

Estimated future benefit payments

Expected benefit payments are estimated using the same assumptions used in determining the benefit obligation as of 31 December 2021. Future benefit payments will depend on a number of factors including: future employment and compensation levels; average years employed; average life spans; and payment elections. Changes in any of these assumptions could significantly affect the amounts that will be paid.

The following table provides expected benefit payments under the Group's material pension schemes:

	2021 £m	2020 £m
Within 1 year	**126**	16
More than 1 year, less than 2 years	**102**	17
More than 2 years, less than 5 years	**346**	54
More than 5 years	**660**	101
Total expected benefit payments	**1,234**	188

The Group used the following weighted-average assumptions in determining the defined benefit obligation:

	2021	2020
Discount rate	**1.80%**	1.40%
– Non-insured	**1.82%**	1.20%
– Insured	**3.27%**	2.90%
Price inflation	**3.87%**	2.90%

Mortality assumptions used for the Large UK Schemes are based on S2PA Tables published by the Institute and Faculty of Actuaries. They are adjusted to take account of projected future improvements in life expectancy from the Self-Administered Pension Scheme (SAPS) mortality survey, which was published in 2008. A 1.25% p.a. long-term trend has been applied to the Continuous Mortality Investigation or CMI table for men and women to increase life expectancy.

Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the Large UK schemes obligations are:

		(Decrease)/increase in scheme obligations	
Assumption	**Change in assumption**	**2021 £m**	**2020 £m**
Discount rate	+0.5%	**(268)**	(63)
Price inflation	+0.5%	**146**	10
Increase in salaries	+0.5%	**5**	–
Mortality rate	+1 year	**110**	31

The sensitivity analysis above is based on a method that extrapolates the impact on defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The impact of the salary increase assumption as a standalone sensitivity has an immaterial impact on the scheme obligations.

Defined benefit actuarial gains and losses recognised

Experience adjustments and the effects of changes in actuarial assumptions during the year are recognised in the statement of comprehensive income.

	2021 £m	2020 £m
1 January	**9**	10
Net actuarial gains/(losses) recognised in the year	**98**	(1)
31 December	**107**	9

Actuarial valuations

The last actuarial valuations of the Large UK schemes were carried out by independent qualified actuaries on:

- 31 December 2017 for the LSERP and LCH UK sections of LSEGPS
- 31 December 2019 for RPF and SPS

According to the schedule of contributions, LSERP is expected to fund its defined benefit scheme deficit by the Group contributing:

- £14 million in 2020 and 2021 with £14 million expected to be paid into the LSE section in 2022
- £3 million in 2020 and 2021 with £3 million expected to be paid into the LCH section in 2022

The weighted average duration of the defined benefit obligations at the end of the reporting period are estimated to be:

- 20 years and 11 years for the non-insured and insured portions of LSERP, respectively
- 22 years for LCH UK
- 19 years and 12 years for the non-insured and insured portions of RPF, respectively
- 12 years for SPS

29. Share-based payments

Accounting policy

The Group operates a number of equity settled share-based compensation plans for employees. The share-based payment recognised in the income statement is determined by the fair value (using a stochastic valuation model) of the options granted or shares awarded at the date of grant and recognised over the relevant vesting period.

The charges recognised for share-based payment transactions in the year are as follows:

	Note	2021 £m	2020 £m
LSEG Group share plans		**64**	44
Shares issued to the MIP participants		**10**	–
Externally granted share plans			
Tradeweb share schemes (recognised in non-controlling interests)		**67**	–
	8	**141**	44

The following amounts were recognised in equity:

	Group		Company	
	2021 £m	2020 £m	2021 £m	2020 £m
Share-based payments	**74**	44	**64**	44
Share-based payments – discontinued operations	–	5	–	5
Fair value movement on loans to the Employee Benefit Trust	–	–	**(4)**	3
Gifts to the Employee Benefit Trust	–	–	–	(4)
Issue of shares to the Employee Benefit Trust	**(6)**	(8)	**(6)**	(3)
Cash receipts from employees on vesting	**8**	10	**6**	10
	76	51	**60**	55

Group share plans

The Group operates various employee share-based compensation plans. The grants are made by the Company and allow employees to receive or acquire shares in the Company in different ways. The Company has no employees but has the obligation for the Group's share plans.

The Company has an employee benefit trust (EBT) to administer the share plans and to acquire Company shares to meet the commitments to Group employees. At 31 December 2021, 566,034 Company shares were held by the trust (2020: 487,866). The EBT is fully funded by the Company via loans, cash gifts and issues and transfers of shares. The cost of the Group's shares held by the EBT are recognised directly in equity.

Vesting periods under the Group's share plans vary by plan, but are typically three years and tranche vesting may apply.

The Group has the following share plans:

- **Long-Term Incentive Plan 2014 (LTIP)**
  The Group LTIP was approved at the 2014 AGM. It consists of an award of Performance Shares and Matching Shares. Matching Shares are linked to an investment by the employee of some of their annual bonus in the Company's shares – this element is not applicable to executive directors. Awards are granted at nil cost to employees.
  Vesting of LTIP awards is dependent on both market and non-market performance conditions. The performance conditions include achievement of relative total shareholder return (40%) and adjusted basic earnings per share (60%) targets.
- **Restricted Share Award Plan 2018 (RSAP)**
  The Group operates a restricted share plan, the RSAP. Awards are granted at nil cost to employees and generally vest in tranches after one, two and three years, subject to continuing employment.
- **Deferred Bonus Plan (DBP)**
  DBP awards are awarded at nil cost to employees. Awards usually vest after two or three years, subject to continuing employment and malus and clawback provisions.
- **Save As You Earn and International Sharesave Plan 2018 (SAYE)**
  The SAYE schemes provide for grants of options over the Company's shares to employees who enter into a savings contract. The options are granted at 20% below fair market value on the date of grant and vest after three years, subject to continuing employment.
- **International Share Incentive Plan (ISIP)**
  The ISIP is a scheme in which employees can buy shares in the Company monthly via salary deduction. For every four shares purchased by the employee, the Group awards them one additional share which vests after completion of a three-year plan cycle.

Further details on the Group's share plans are provided in the Directors' Remuneration Report on pages 90 to 108.

Movements in the number of share options and awards outstanding and their weighted average exercise prices are as follows:

	SAYE		LTIP/RSAP[1]	ISIP
	Number	Weighted average exercise price £	Number	Number
1 January 2020	735,209	33.88	3,939,398	–
Granted	186,015	56.00	1,024,793	479
Exercised	(309,198)	31.17	(1,602,880)	–
Lapsed/forfeited	(43,780)	36.16	(308,212)	(9)
31 December 2020	568,246	42.42	3,053,099	470
Granted	**307,961**	**64.94**	**1,371,625**	**638**
Exercised	**(227,265)**	**35.15**	**(1,222,619)**	–
Lapsed/forfeited	**(66,768)**	**47.65**	**(355,671)**	**(90)**
31 December 2021	**582,174**	**56.57**	**2,846,434**	**1,018**
Exercisable at				
31 December 2021	**10,822**	**52.45**	–	–
31 December 2020	11,057	32.59	9,921	–

1 RSAP awards of 812,746 shares were outstanding (2020: 281,990).

The LTIP/RSAP and ISIP awards have a nil exercise price. No Matching shares were granted under the LTIP in the year (2020: nil).

The 1,676 options outstanding as at 31 December 2020 under a former share option scheme were exercised during the year at a price of £8.94.

The weighted average share price of London Stock Exchange Group plc shares during the year was £77.76 (2020: £81.75).

The range of exercise prices and weighted average remaining contractual life of awards and options outstanding are as follows:

	31 December 2021		31 December 2020	
	Number outstanding	Weighted average remaining contractual life Years	Number outstanding	Weighted average remaining contractual life Years
Share options				
Between £8 and £9	–	–	1,676	–
SAYE				
Between £30 and £50	**135,130**	**0.4**	386,134	0.9
More than £50	**447,044**	**2.3**	182,112	2.4
LTIP/RSAP	**2,846,434**	**1.1**	3,053,099	1.2
ISIP	**1,018**	**1.8**	470	2.2
Total	**3,429,626**		3,623,491	1.2

The fair value of share awards and share options granted during the year was determined using a stochastic valuation model. The key assumptions used in the valuations were as follows:

		LTIP Performance Shares		RSAP				
		26-Mar	14-Sep	26-Mar	24-Jun	10-Aug	14-Sep	14-Dec
Grant date share price (£)		71.08	81.06	71.08	81.82	78.06	81.06	67.70
Expected life (years)	from	3.0	3.0	0.50	1.27	3.00	0.50	0.20
	to	–	–	5.00	2.76	–	3.50	5.20
Exercise price (£)		nil	nil	nil	nil	nil	nil	nil
Dividend yield (%)	from	0.99	0.96	0.83	0.86	0.96	0.87	0.89
	to	–	–	1.07	0.97	–	0.98	1.05
Risk-free interest rate (%)	from	0.06	0.23	(0.01)	0.04	0.21	0.04	0.24
	to	–	–	0.35	0.21	–	0.26	0.48
Volatility (%)	from	28.20	28.80	28.15	28.30	28.66	21.37	25.70
	to	–	–	30.00	30.10	–	30.55	33.10
Fair value (£)	from	–	–	67.40	79.67	75.85	78.33	64.12
	to	–	–	70.79	80.94	–	80.70	67.57
Fair value TSR (£)		34.35	28.04	–	–	–	–	–
Fair value EPS (£)		69.01	78.77	–	–	–	–	–

		SAYE	DBP	ISIP
Date of grant	from	01-Oct	26-Mar	01-Jan
	to	–	–	31-Dec
Grant date share price (£)	from	74.48	71.08	67.04
	to	–	–	98.44
Expected life (years)	from	3.30	1.00	2.28
	to	–	3.00	3.08
Exercise price (£)		64.94	nil	nil
Dividend yield (%)	from	0.92	0.83	0.72
	to	–	0.99	1.04
Risk-free interest rate (%)	from	0.44	(0.01)	(0.08)
	to	–	0.06	0.67
Volatility (%)	from	25.60	28.15	26.40
	to	–	30.00	31.10
Fair value (£)		17.04	71.08	77.59

The fair value for the Performance shares granted during the year was calculated based on a Total Shareholder Return pricing model which incorporates TSR and EPS performance conditions and references the vesting schedules of the awards.

For all other share awards, including the SAYE, the Black-Scholes model was used.

The significant inputs into both models are the share price at grant date, expected volatility, dividend yields and the annual risk-free interest rate. The volatility assumption is based on the historical 3-year volatility of the LSEG plc share price as at the date of grant. The risk-free interest rate represents the yield available on a UK zero-coupon government bond on the date of grant for a term commensurate with the vesting period of the award. The expected life refers to the time from the date of grant to the date the awards vest. Holders of share awards and share options are not entitled to receive dividends declared during the vesting period.

Tradeweb share schemes
Tradeweb grants awards, including performance-based restricted share units (PRSUs), stock options, restricted stock units (RSUs) and dividend equivalent rights. The awards may have performance-based and time-based vesting conditions. Stock options have a maximum contractual term of 10 years.

- **PRSUs (equity-settled)**
  PRSUs are promises to issue actual shares at the end of a three-year vesting period. The fair value of the equity-settled PRSUs is calculated on the grant date using the share price.
- **Options**
  Tradeweb awards options with a four-year graded vesting schedule, one half vesting based solely on the passage of time and one half vesting only if Tradeweb achieves certain performance targets. Costs related to options are recognised as an expense in the income statement over the service period. The fair value of options is calculated on the grant date using the Black-Scholes model.
- **RSUs**
  RSUs are promises to issue shares at the end of a vesting period. RSUs granted to employees vest over a three-year period. RSUs granted to non-employee directors vest after one year. The fair value of the RSUs is calculated on the grant date using the share price.

Management Incentive Plan (MIP)
Members of Refinitiv's senior management team participated in the MIP set up by Refinitiv Holding Limited (now York Parent Limited). At the time of the Refinitiv acquisition, 6,041,336 shares relating to MIP participants were transferred to York Parent Limited as a part of the purchase consideration. To improve the retention of the participants, amendments were made to the MIP to include additional service vesting conditions. The Group recognises MIP as a share-based payment settled by an external shareholder under IFRS 2 and recognises post combination compensation until the end of the vesting period.

30. Share capital, share premium and other reserves

Accounting policy
The **share capital** of the Company includes balances relating to the Company's ordinary equity shares, own shares held by the Employee Benefit Trust and any treasury shares held by the Company.

When the Company issues new shares to the Employee Benefit Trust at par, the share capital of the Company is increased by the par value of these own shares, and a corresponding deduction or debit is recorded in the employee share scheme reserve.

The Company may also issue new shares to the Employee Benefit Trust to satisfy vesting of specific employee share schemes. These shares may be issued at a subscription price above par value, reflecting the option cost payable by the participant in the employee share scheme. In such instances, the share capital of the Company is increased by the par value of these own shares and the difference between the subscription price and the par value of the own share is recorded in share premium. A corresponding deduction or debit is recognised in the employee share scheme reserve.

Shares acquired by the Company from the open market as part of share buyback programmes are referred to as treasury shares and are held by the Company. The consideration payable is deducted from retained earnings.

The par value of purchased treasury shares is recorded as a transfer from the Company's ordinary equity shares to treasury shares within share capital.

No gain or loss is recognised by the Company in the income statement on the purchase, sale, issue or cancellation of the Company's treasury shares or of own shares held by the Employee Benefit Trust.

Ordinary share capital issued and fully paid

	Note	Number of shares millions	Ordinary share capital £m	Share premium £m	Total £m
1 January 2020		351	24	967	991
Issue of shares to the Employee Benefit Trust		–	–	4	4
31 December 2020		351	24	971	995
Acquisition of subsidiaries	3	**204**	**15**	**–**	**15**
Issue of shares to the Employee Benefit Trust	29	**2**	**–**	**7**	**7**
31 December 2021		**557**	**39**	**978**	**1,017**

Ordinary share capital consists of ordinary shares of 6 $^{79/86}$ pence.

LSEG issued 204,225,968 shares (comprising 136,870,442 listed LSEG ordinary shares and 67,355,526 unlisted LSEG limited-voting ordinary shares) to acquire Refinitiv (refer to note 3). The purchase consideration for the acquisition of Refinitiv of £16,971 million includes the fair value of equity-settled awards (attributable to pre-acquisition services rendered) of £2 million, which is recognised in the employee share scheme reserve within retained earnings.

The Board approved the allotment and issue of 1,368,896 ordinary shares at par and a further 177,894 ordinary shares at a weighted average price of £35.74 to the Employee Benefit Trust (2020: 775,00 ordinary shares at par and 139,970 at £31.11) to settle employee share plans. A share premium of £7 million (2020: £4 million) has been recognised in the year in respect of these.

The number of shares held by the Employee Benefit Trust to settle exercises of employee share awards was 566,034 (2020: 487,866).

Other reserves

	Note	Merger relief reserve £m	Capital Redemption on reserve £m	Reverse acquisition reserve £m	Hedging reserve £m	Foreign exchange translation reserve £m	Total £m
1 January 2020		1,305	514	(512)	(46)	535	1,796
Foreign exchange on retranslation		–	–	–	–	73	73
Changes in fair value		–	–	–	(64)	–	(64)
31 December 2020		1,305	514	(512)	(110)	608	1,805
Acquisition of subsidiaries	3	**16,981**	–	–	–	–	**16,981**
Amounts recycled on disposal	4	–	–	–	**17**	**(62)**	**(45)**
Foreign exchange on retranslation		–	–	–	–	**(41)**	**(41)**
Amount recycled to income statement		–	–	–	**(2)**	–	**(2)**
Changes in fair value recognised		–	–	–	**109**	–	**109**
31 December 2021		**18,286**	**514**	**(512)**	**14**	**505**	**18,807**

Merger relief reserve
The merger relief reserve is a potentially distributable reserve arising as a result of shares issued to acquire subsidiaries.

The Group applied merger relief, as required by section 612 of the Companies Act 2006, to the issue of shares to acquire Refinitiv (refer to note 3). The Group acquired a 100% equity holding in Refinitiv and recognised the excess of the fair value above the nominal share capital issued in the merger relief and retained earnings.

Capital redemption reserve
This reserve was set up as a result of a court approved capital reduction scheme and is non-distributable.

Reverse acquisition reserve
This reserve arises in consolidation as a result of the capital reduction scheme and is non-distributable.

Foreign exchange translation reserve
The foreign exchange translation reserve records the cumulative impact of foreign exchange rate movements on the retranslation of non-sterling subsidiary companies. It is distributable under certain circumstances.

Net gains and losses are recognised in other comprehensive income and amounts remain in equity until the subsidiary is derecognised. An amount of £62 million (2020: nil) was reclassified to the income statement during the year as a result of the disposal of the Borsa Italiana group (refer to note 4).

Hedging reserve

The hedging reserve represents the cumulative fair value adjustments recognised in respect of net investment and cash flow hedges entered into in accordance with hedge accounting principles. It is distributable under certain circumstances.

Net gains and losses are recognised in other comprehensive income and balances remain in equity until both the hedging instrument and the underlying instrument are derecognised.

An amount of £17 million was reclassified to the income statement during the year as a result of the disposal of the Borsa Italiana group (refer to note 4). The gain realised on cash flow hedges during the year is being amortised through the income statement over the life of the underlying instrument. During the year £2 million was recycled back through the income statement.

31. Commitments and contingencies

The Group had no contracted capital commitments which are not provided for in the financial statements. The Group has a long-term agreement with Reuters News, to receive news and editorial content for a minimum payment of US$325 million per year.

In the normal course of business, the Group can receive legal claims including, for example, in relation to commercial matters, service and product quality or liability, employee matters and tax audits. The Group is also involved in legal proceedings and actions, engagement with regulatory authorities and in dispute resolution processes. These are reviewed on a regular basis and, where possible, an estimate is made of the potential financial impact on the Group.

In appropriate cases a provision is recognised based on advice, best estimates and management judgement. Where it is too early to determine the likely outcome of these matters, no provision is made. Whilst the Group cannot predict the outcome of any such current or future matters with any certainty, it currently believes the likelihood of any material liabilities to be low, and that these will not have a material adverse effect on its consolidated income, financial position or cash flows.

32. Transactions with related parties

Key management personnel

Key management personnel comprise the Executive Directors, the Group Chair and Executive Committee. They have authority for planning, directing and controlling the activities of the Group.

Compensation for key management personnel was as follows:

	2021 £m	2020 £m
Salaries and other benefits	**19**	16
Pensions	**1**	1
Share-based payments	**9**	17
Total compensation	**29**	34

Details of Directors' emoluments are included in the Directors' Remuneration Report on pages 90 to 108.

Other directors' interests

Stephen O'Connor, former director of LSEG plc, is chairman and a significant shareholder of Quantile, a company registered in England. The Group operates a commercial arrangement with Quantile Technologies Limited (a UK-based subsidiary of Quantile) as an approved compression service provider for the Group's LCH Limited and London Stock Exchange plc subsidiaries. During the year, the Group recognised income of £0.1 million (2020: £0.1 million) as a result of this arrangement. All transactions are conducted on an arm's length basis.

The director stepped down from the LSEG plc board on 6 August 2021, but remains a director of the Group subsidiary, London Stock Exchange plc.

On 6 December 2021, LSEG announced that it has agreed to acquire Quantile (refer to note 33).

Notes to the financial statements continued

Transactions with subsidiaries

The Company has the following unsecured loans with subsidiaries:

Loan counterparty	Amount (owed to)/due from 2021 m	Amount (owed to)/due from 2020 m	Term	Interest rate per annum	Interest (charge)/credit 2021 m	Interest (charge)/credit 2020 m
London Stock Exchange plc	**(£189)**	(£209)	25 years from May 2006 with five equal annual repayments commencing in May 2027	LIBOR[1] + 2%	**(£4)**	(£6)
London Stock Exchange Employee Benefit Trust	**£40**	£45	Repayable on demand	Non-interest bearing	**–**	–
London Stock Exchange Group Holdings (Italy) Limited	**(€119)**	(€202)	Fifth anniversary of the initial utilisation date which was April 2018	EURIBOR + 1.5%	**(€3)**	(€2)
London Stock Exchange Group Holdings Limited	**£315**	£175	Fifth anniversary of the initial utilisation date which was October 2019	LIBOR[1] + 1.5%	**£4**	£4
London Stock Exchange Reg Holdings Limited	**£13**	£15	Fifth anniversary of the initial utilisation date which was July 2018	LIBOR[1] + 1.2%	**–**	–
London Stock Exchange (C) Limited	**(€ 157)**	–	Fifth anniversary of the initial utilisation date which was May 2017	EURIBOR + 1.5%	**(€ 2)**	–
London Stock Exchange Group Holdings (Luxembourg) Limited	**US$556**	(US$418)	Fifth anniversary of the initial utilisation date which was November 2019	LIBOR[1] + 1.5%	**US$4**	(US$6)
LSEG Employment Services Limited	**£210**	£71	Fifth anniversary of the initial utilisation date which was April 2020	LIBOR[1] + 1.2%	**£2**	£1
London Stock Exchange Group (Services) Limited	**£224**	£217	Fifth anniversary of the initial utilisation date which was January 2021	LIBOR[1] + 1.5%	**£2**	£2
LSEGA Financing plc	**US$5**	–	Fifth anniversary of the initial utilisation date which was March 2021	LIBOR[1] + 1.0%	**–**	–
LSEG Netherlands BV	**€2**	–	Fifth anniversary of the initial utilisation date which was March 2021	EURIBOR + 0.45%	**–**	–

1 Interest rates based on LIBOR have been transitioned to new rates from 1 January 2022

During the year, the Company charged its subsidiaries the following amounts in respect of employee share scheme expenses:

	Note	2021 £m	2020 £m
LSEG Employment Services Limited		**23**	16
LCH group		**11**	9
FTSE group		**3**	4
London Stock Exchange Group Holdings Inc		**8**	7
London Stock Exchange plc		**7**	6
Refinitiv group		**9**	–
Other		**3**	2
		64	44
London Stock Exchange Group Holdings Italia SpA – discontinued operations	4	**3**	5
		67	49

During the year the Company received the following dividends from Group companies:

	2021 £m	2020 £m
London Stock Exchange Group Holdings (Italy) Limited	**3,130**	123
London Stock Exchange plc	**173**	193
LSEGH (Luxembourg) Limited	**–**	55
London Stock Exchange Group Holdings Limited	**–**	45
London Stock Exchange (C) Limited	**–**	167
	3,303	583

The Company recognised £27 million other income (2020: £11 million) and £119 million operating expenses (2020: £58 million) with subsidiary companies in corporate recharges during the year.

At 31 December 2021, the Company had £138 million (2020: £88 million) other receivables due from subsidiary companies and other payables of £174 million (2020: £68 million) owed to subsidiary companies.

Transactions with associates
In the year, the Group recognised £1 million revenue (2020: £3 million) from its associates. As at 31 December 2021, the Group had £1 million payable to (2020: £1 million) and no receivable from (2020: £3 million) its associates.

All transactions with subsidiaries and associates were carried out on an arm's length basis.

33. Events after the reporting period

Sale of assets
On 5 January 2022, the Group completed the sale of one of its freehold properties in the UK for a cash sum of £153 million realising a profit on disposal of £133 million. The Group continues to have exclusive access to the building until June 2023 through a lease back arrangement.

Quantile acquisition
On 6 December 2021, LSEG announced that it had agreed to acquire Quantile, a UK-based provider of portfolio compression and optimisation solutions for financial institutions dealing with derivatives instruments. The transaction represents an opportunity for Post Trade to acquire a high growth asset in an area of strategic importance, complementing our existing suite of analytics, data and funding optimisation and efficiency solutions. The maximum aggregate consideration is £274 million (subject to customary adjustments).

Until 6 August 2021, Stephen O'Connor, the chairman and a significant shareholder of Quantile Group Limited, was Senior Independent Director of the Company. He remains a director of a Group subsidiary, London Stock Exchange plc (refer to note 32).

TORA acquisition
On 22 February 2022, LSEG announced it has agreed to acquire TORA, a leading cloud-based technology provider that supports customers trading multiple asset classes across global markets. TORA offers an order and execution management system and a portfolio management system for customers trading multiple asset classes, including equities, fixed income, FX, derivatives and digital assets. Following completion, TORA will be part of LSEG's Data & Analytics division. The maximum aggregate consideration is US$325 million (subject to customary adjustments) and the acquisition is expected to close in H2 2022, subject to regulatory approvals.

34. Other statutory information

34.1 Audit, audit related and other non-audit services
The following fees were paid or are payable to the company's auditors, Ernst and Young LLP and its associates:

	2021 £m	2020 £m
Audit of parent and consolidated financial statements	7	2
Audit of subsidiary companies	6	3
Non-audit services[1]	1	–
Total auditors' remuneration	**14**	5

1 Ernst and Young LLP provided non-audit services of £1.2 million; 8% of total fees (2020: £0.4 million; 8% of total fees). This comprised of audit related assurance services of £0.8 million (2020: £0.3 million) and other non-audit services of £0.4 million (2020: £0.1 million).

Further details of the services provided by Ernst and Young LLP are given in the Report of the Audit Committee on pages 83 to 87.

34.2 Subsidiaries and associates
A list of the Group's subsidiaries and associates as at 31 December 2021 is given below including the percentage of each class of share held and the Group's ownership percentages.

Subsidiaries
The share ownership percentage records the percentage of each subsidiary's share capital owned by its immediate parent company. Shares owned directly by LSEG plc are listed as being a 'direct' shareholding; shares owned by other Group companies are listed as an 'indirect' shareholding. Where more than one LSEG Group company owns shares in a subsidiary these interests have been combined.

The ultimate economic interest percentage is the Group's effective overall interest in a subsidiary, reflecting situations where subsidiaries are owned indirectly by intermediate subsidiaries who themselves have non-controlling interests.

All subsidiaries are consolidated in the Group's financial statements.

Name of subsidiary undertaking	Country of incorporation	Registered office address	Type of share owned	Direct or indirect holding	Share ownership %	LSEG plc ultimate economic interest %
Alta Limited	Cook Islands	c/o Cook Islands Trust Corporation Limited, First Floor, BCI House, P.O. Box 141, Rarotonga, Avarua, Cook Island	Ordinary	Indirect	100.00	100.00
ASX Refinitiv Charity Foundation	Australia	Level 10, 60 Margaret Street, Sydney, NSW, Australia 2000	N/A	Indirect	50.00	–
Avox Limited	England and Wales	Five Canada Square, Canary Wharf, London, United Kingdom, E14 5AQ	Ordinary	Indirect	100.00	100.00
Banque Centrale de Compensation (LCH SA)	France	18 Rue du Quatre-Septembre, Paris, France, 75002	Ordinary	Indirect	88.91	73.45
Beyond Ratings	France	18 Rue du Quatre-Septembre, Paris, France, 75002	Ordinary	Indirect	100.00	100.00
Blaxmill (Eleven) Limited	England and Wales	Five Canada Square, Canary Wharf, London, United Kingdom, E14 5AQ	Ordinary	Indirect	100.00	100.00
Blaxmill (Nine) Limited	England and Wales	Five Canada Square, Canary Wharf, London, United Kingdom, E14 5AQ	Ordinary	Indirect	100.00	100.00
Blaxmill (Six)	England and Wales	Five Canada Square, Canary Wharf, London, United Kingdom, E14 5AQ	Ordinary	Indirect	100.00	100.00
Blaxmill (Ten) Limited	England and Wales	Five Canada Square, Canary Wharf, London, United Kingdom, E14 5AQ	Ordinary	Indirect	100.00	100.00
Blaxmill (Thirteen) Limited	England and Wales	Five Canada Square, Canary Wharf, London, United Kingdom, E14 5AQ	Ordinary	Indirect	100.00	100.00
Blaxmill (Thirty-Three) Limited	England and Wales	Five Canada Square, Canary Wharf, London, United Kingdom, E14 5AQ	Ordinary	Indirect	100.00	100.00
Blaxmill (Twelve) Limited	England and Wales	Five Canada Square, Canary Wharf, London, United Kingdom, E14 5AQ	Ordinary	Indirect	100.00	100.00
Blaxmill (Twenty-Eight) Limited	England and Wales	Five Canada Square, Canary Wharf, London, United Kingdom, E14 5AQ	Ordinary	Indirect	100.00	100.00
BNX LLC	USA	c/o Corporation Service Company, 251 Little Falls Drive, Wilmington, USA, United Sates, 19808	Membership Interest	Indirect	100.00	51.30
Bondclear Limited	England and Wales	10 Paternoster Square, London, United Kingdom, EC4M 7LS	Ordinary	Indirect	100.00	82.61
BondDesk Group LLC	USA	c/o Corporation Service Company, 251 Little Falls Drive, Wilmington, USA, United Sates, 19808	Membership Interest	Indirect	100.00	51.30
CommodityClear Limited	England and Wales	10 Paternoster Square, London, United Kingdom, EC4M 7LS	Ordinary	Indirect	100.00	82.61
Criminal Law Week Limited	England and Wales	Five Canada Square, Canary Wharf, London, United Kingdom, E14 5AQ	Ordinary	Indirect	100.00	100.00
Data Development Services Limited	Cook Islands	c/o Cook Islands Trust Corporation Limited, First Floor, BCI House, P.O. Box 141, Rarotonga, Avarua, Cook Island	Ordinary	Indirect	100.00	100.00
Dealerweb Inc.	USA	c/o Corporation Service Company, 80 State Street, Albany, NY, 12207, United States	Common A	Indirect	100.00	51.30
			Common B	Indirect	100.00	
DW SEF LLC	USA	c/o Corporation Service Company, 251 Little Falls Drive, Wilmington, DEUSA, United Sates, 19808	Limited Liability Company Interest	Indirect	100.00	51.30
EPIC Acquisition Sub LLC	USA	c/o United Agent Group Inc 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, United States, 19810	Membership Interest	Indirect	100.00	100.00
EnergybankLink Pty Ltd	Australia	c/o TMF Corporate Services (Aust) Pty Limited, Suite 1, Level 11, 66 Goulburn Street, Sydney, NSW, 2000	Ordinary	Indirect	100.00	100.00
Enterprise Risk Management Technology Limited	England and Wales	Five Canada Square, Canary Wharf, London, United Kingdom, E14 5AQ	Ordinary	Indirect	100.00	100.00
Equityclear Limited	England and Wales	10 Paternoster Square, London, United Kingdom, EC4M 7LS	Ordinary	Indirect	100.00	82.61
Execution Access LLC	USA	c/o CT Corporation, 1209 Orange Street, Wilmington, Delaware, DE, 19801, United States	Membership Interest	Indirect	100.00	51.30
Financial & Risk Organisation Limited	England and Wales	Five Canada Square, Canary Wharf, London, United Kingdom, E14 5AQ	Ordinary	Indirect	100.00	100.00

Name of subsidiary undertaking	Country of incorporation	Registered office address	Type of share owned	Direct or indirect holding	Share ownership %	LSEG plc ultimate economic interest %
Financial & Risk Transaction Services Ireland Limited	Ireland	12/13 Exchange Place, I.F.S.C., Dublin 1, Ireland, D01P8H1	Ordinary	Indirect	100.00	100.00
ForexClear Limited	England and Wales	10 Paternoster Square, London, England, EC4M 7LS	Ordinary	Indirect	100.00	82.61
Frank Russell Company	USA	c/o United Agent Group Inc., 707 W. Main Avenue #B1, Spokane, WA, United States 99201	Common	Indirect	100.00	100.00
FTSE (Australia) Limited	England and Wales	10 Paternoster Square, London, United Kingdom, EC4M 7LS	Ordinary	Indirect	100.00	100.00
FTSE (Beijing) Consulting Limited	China	Room 02D-H, 6/F Dongwai Diplomatic Building, 23 Dongzhimenwai Dajie, Beijing, China	Ordinary	Indirect	100.00	100.00
FTSE (Japan) Limited	England and Wales	10 Paternoster Square, London, United Kingdom, EC4M 7LS	Ordinary	Indirect	100.00	100.00
FTSE Americas, Inc	USA	c/o United Agent Group Inc. 600 Mamaroneck Avenue #400, Harrison, Westchester County, NY, United States, 10528	Ordinary	Indirect	100.00	100.00
FTSE China Index Ltd	Hong Kong	c/o Primasia Corporate Services Limited, Suite 1106-8, 11/F., Tai Yau Building, No. 181 Johnston Road, Wanchai	Ordinary	Indirect	100.00	100.00
FTSE Fixed Income LLC	USA	c/o United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington	Membership Interest	Indirect	100.00	100.00
FTSE Fixed Income Europe Limited	England and Wales	10 Paternoster Square, London, United Kingdom, EC4M 7LS	Ordinary	Indirect	100.00	100.00
FTSE Global Debt Capital Markets Inc.	Canada	c/o Miller Thomson LLP, Suite 5800, 40 King Street West, Toronto, ON, Canada, M5H 3S1	Ordinary	Indirect	100.00	100.00
FTSE Global Debt Capital Markets Limited	England and Wales	10 Paternoster Square, London, United Kingdom, EC4M 7LS	Ordinary	Indirect	100.00	100.00
FTSE International (Hong Kong) Limited	Hong Kong	c/o Primasia Corporate Services Limited, Suite 1106-8, 11/F., Tai Yau Building, No. 181 Johnston Road, Wanchai	Ordinary	Indirect	100.00	100.00
FTSE International (MEA) Ltd	United Arab Emirates	Office 50, Level 15, The Gate, PO Box 121208, Dubai, United Arab Emirates	Ordinary	Indirect	100.00	100.00
FTSE International Brasil Representações LTDA	Brazil	Edificio Argentina, Praia de Botafogo 228, 16 andar, Sala1617, Rio de Janeiro	Ordinary	Indirect	100.00	100.00
FTSE International Limited	England and Wales	10 Paternoster Square, London, United Kingdom, EC4M 7LS	Ordinary	Indirect	100.00	100.00
FTSE Mexico Sociedad de Responsabilidad Limitada de Capital Variable	Mexico	Torre 3, Privada Paseo de los Tamarindos 120, Bosques de las Lomas, Mexico City	Ordinary	Indirect	100.00	100.00
FTSE International Taiwan Limited	Taiwan	26F. 1, No.100, Song Ren Road, Xinyi District, Taipei City, Taiwan	Ordinary	Indirect	100.00	100.00
FTSE International (Italy) Limited	England and Wales	10 Paternoster Square, London, United Kingdom, EC4M 7LS	Ordinary	Indirect	100.00	100.00
FTSE Italy S.p.A.	Italy	Piazza Generale Armando Diaz 2, Milan, 20123	Ordinary	Indirect	100.00	100.00
FX Alliance International, LLC	USA	c/o United Agent Group Inc, 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, United States, 19810	Common	Indirect	100.00	100.00
FX Alliance, LLC	USA	c/o United Agent Group Inc, 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, United States, 19810	Common	Indirect	100.00	100.00
Giact Systems, LLC	USA	c/o United Agent Group Inc, 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, United States, 19810	Membership Interest	Indirect	100.00	100.00
Global World-Check	England and Wales	Five Canada Square, Canary Wharf, London, United Kingdom, E14 5AQ	Ordinary	Indirect	100.00	100.00

Name of subsidiary undertaking	Country of incorporation	Registered office address	Type of share owned	Direct or indirect holding	Share ownership %	LSEG plc ultimate economic interest %
Global World-Check Holdings (Nominee) Limited	England and Wales	Five Canada Square, Canary Wharf, London, United Kingdom, E14 5AQ	Ordinary	Indirect	100.00	100.00
Global World-Check Holdings Limited	England and Wales	Five Canada Square, Canary Wharf, London, United Kingdom, E14 5AQ	Ordinary	Indirect	100.00	100.00
globeSettle S.à r.l.	Luxembourg	c/o Crestbridge Luxembourg, 1 Boulevard de la Foire, L-1528, Luxembourg	Ordinary	Indirect	100.00	100.00
Guangzhou Data Development Services Limited	China	Part 1-8 self compiled 21-016, 21 / F 15 Zhujiang West Road, Guangzhou,Guangzhou, TianHe District	Contribution Unit	Indirect	100.00	100.00
IAG US LLC	USA	c/o United Agent Group Inc, 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, United States, 19810	Member Shares	Indirect	100.00	100.00
Infosight Singapore Pte. Ltd.	Singapore	9 Raffles Place, #27-00 Republic Plaza, Singapore, 048619	Ordinary	Indirect	100.00	100.00
IntegraScreen (Malaysia) Sdn. Bhd.	Malaysia	18-22-A1, Gurney Tower, Persiaran Gurney, Georgetown, Malaysia, 10250	Ordinary	Indirect	100.00	100.00
IntegraScreen (Panama), Inc.	Panama	The Century Tower, Via Ricardo J. Alfaro y Calle 65, Oeste Piso 10, Local 1005, Panama	Ordinary	Indirect	100.00	100.00
IntegraScreen Limited	Hong Kong	16/F Cityplaza 3, 14 Taikoo Wan Road, Quarry Bay, Hong Kong	Ordinary	Indirect	100.00	100.00
IntegraScreen Spolka Z o.o.	Poland	40-084 Katowice, Ul. Opolska 22, Poland	Ordinary	Indirect	100.00	100.00
International Commodities Clearing House Limited	England and Wales	10 Paternoster Square, London, United Kingdom, EC4M 7LS	Ordinary	Indirect	100.00	100.00
Intrinsic Research Systems Inc.	USA	c/o United Agent Group Inc 3411, Tatnall Building #104, Silverside Road, Wilmington, New Castle County, DE, United States, 19810	Ordinary-A	Indirect	100.00	100.00
			Ordinary-B	Indirect	100.00	
Kleos Managed Services LP	USA	c/o CT Corporation, 1209 Orange Street, Wilmington, Delaware, DE, United States, 19801	Limited Partnership interest	Indirect	100.00	51.30
Kleos Managed Services Holdings LLC	USA	c/o CT Corporation, 1209 Orange Street, Wilmington, Delaware, DE, United States, 19801	Limited Liability Company Interest	Indirect	100.00	51.30
LCH Group Holdings Limited	England and Wales	10 Paternoster Square, London, United Kingdom, EC4M 7LS	Ordinary (Voting)	Indirect	82.61	82.61
LCH Limited	England and Wales	10 Paternoster Square, London, United Kingdom, EC4M 7LS	Ordinary	Indirect	100.00	82.61
LCH.Clearnet Group Limited	England and Wales	10 Paternoster Square, London, United Kingdom, EC4M 7LS	Ordinary	Indirect	100.00	82.61
LCH.Clearnet LLC	England and Wales	c/o United Agent Group Inc, 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, United States, 19810	Ordinary	Indirect	100.00	82.61
Lipper Asia Limited	Cook Islands	c/o Cook Islands Trust Corporation Limited, First Floor, BCI House, P.O. Box 141,Rarotonga, Avarua, Cook Island	Ordinary	Indirect	100.00	100.00
Lipper Australia Pty Ltd	Australia	Level 10, 60 Margaret Street, Sydney, NSW, Australia 2000	Ordinary	Indirect	100.00	100.00
Lipper Inc.	USA	c/o United Agent Group Inc, 155 E. Boardwalk #490, Fort Collins, Larimer County, CO, United States 80525	Ordinary	Indirect	100.00	100.00
Lipper Limited	England and Wales	Five Canada Square, Canary Wharf, London, United Kingdom, E14 5AQ	Ordinary	Indirect	100.00	100.00
London Produce Clearing House Limited (The)	England and Wales	10 Paternoster Square, London, United Kingdom, EC4M 7LS	Ordinary	Indirect	100.00	82.61

Name of subsidiary undertaking	Country of incorporation	Registered office address	Type of share owned	Direct or indirect holding	Share ownership %	LSEG plc ultimate economic interest %
London Stock Exchange (C) Limited	England and Wales	10 Paternoster Square, London, United Kingdom, EC4M 7LS	£ Ordinary	Direct	100.00	100.00
			€ Ordinary	Direct	100.00	
London Stock Exchange Connectivity Solutions LP	England and Wales	10 Paternoster Square, London, United Kingdom, EC4M 7LS	Partnership interest	Indirect	100.00	100.00
London Stock Exchange Group (Services) Limited	England and Wales	10 Paternoster Square, London, United Kingdom, EC4M 7LS	Ordinary	Direct	100.00	100.00
London Stock Exchange Group Holdings (Italy) Limited	England and Wales	10 Paternoster Square, London, United Kingdom, EC4M 7LS	Ordinary	Direct	100.00	100.00
London Stock Exchange Group Holdings (R) Limited	England and Wales	10 Paternoster Square, London, United Kingdom, EC4M 7LS	Ordinary	Direct	100.00	100.00
London Stock Exchange Group Holdings Limited	England and Wales	10 Paternoster Square, London, United Kingdom, EC4M 7LS	Ordinary	Direct	100.00	100.00
London Stock Exchange LEI Limited	England and Wales	10 Paternoster Square, London, United Kingdom, EC4M 7LS	Ordinary	Indirect	100.00	100.00
London Stock Exchange Plc	England and Wales	10 Paternoster Square, London, United Kingdom, EC4M 7LS	Ordinary	Direct	100.00	100.00
London Stock Exchange Reg Holdings Limited	England and Wales	10 Paternoster Square, London, United Kingdom, EC4M 7LS	Ordinary	Direct	100.00	100.00
LSEG (ELT) Limited	England and Wales	10 Paternoster Square, London, United Kingdom, EC4M 7LS	Ordinary	Indirect	100.00	100.00
LSEG (F) Limited	England and Wales	10 Paternoster Square, London, United Kingdom, EC4M 7LS	Ordinary	Indirect	100.00	100.00
LSEG (M) Financing Limited	England and Wales	10 Paternoster Square, London, United Kingdom, EC4M 7LS	Ordinary	Indirect	100.00	100.00
LSEG Business Services Colombo (Private) Limited	Sri Lanka	Trace Expert City, Maradana, Colombo 10	Ordinary	Indirect	100.00	100.00
LSEG Business Services Limited	England and Wales	10 Paternoster Square, London, United Kingdom, EC4M 7LS	Ordinary	Indirect	100.00	100.00
LSEG Business Services RM S.R.L	Romania	6L, Iuliu Maniu Boulevard, Campus 6.1, 4th Floor, District 6, Bucharest, Romania, 061344	Ordinary	Indirect	100.00	100.00
LSEG Employment Services Limited	England and Wales	10 Paternoster Square, London, United Kingdom, EC4M 7LS	Ordinary	Indirect	100.00	100.00
LSEG F1 Limited	England and Wales	10 Paternoster Square, London, United Kingdom, EC4M 7LS	Ordinary	Direct	0.53	100.00
			Ordinary	Indirect	99.47	
LSEG F2 Limited	England and Wales	10 Paternoster Square, London, United Kingdom, EC4M 7LS	Ordinary	Indirect	100.00	100.00
LSEG F3 Limited	England and Wales	10 Paternoster Square, London, United Kingdom, EC4M 7LS	Ordinary	Indirect	100.00	100.00
LSEG HK Financing Limited	Hong Kong	c/o Primasia Corporate Services Limited, Suite 1106-8, 11/F., Tai Yau Building, No. 181 Johnston Road, Wanchai	Ordinary	Indirect	100.00	100.00
LSEG Information Services (US) Inc	USA	c/o United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, United States, 19810	Ordinary	Indirect	100.00	100.00
LSEG Financing Corporation	USA	c/o United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, United States, 19810	Ordinary	Indirect	100.00	100.00
LSEG Financing LLC	USA	c/o United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, United States, 19810	Membership Units	Indirect	100.00	100.00
LSEG Ireland Limited	Ireland	10 Earlsfort Terrace, Dublin 2, Ireland, DO2 T380	Ordinary	Indirect	100.00	100.00
LSEG Ireland 2 Limited	Ireland	1 Stokes Place, St Stephen's Green, Dublin 2 DO2 DE03, Ireland	Ordinary	Indirect	100.00	100.00
LSEG Ireland 3 Limited	Ireland	1 Stokes Place, St Stephen's Green, Dublin 2 DO2 DE03, Ireland	Ordinary	Indirect	100.00	100.00

Name of subsidiary undertaking	Country of incorporation	Registered office address	Type of share owned	Direct or indirect holding	Share ownership %	LSEG plc ultimate economic interest %
LSEG LuxCo 1 S.a.r.l	Luxembourg	c/o Crestbridge Luxembourg, 1 Boulevard de la Foire, L-1528, Luxembourg	Ordinary	Indirect	100.00	100.00
LSEG LuxCo 2 S.a.r.l	Luxembourg	c/o Crestbridge Luxembourg, 1 Boulevard de la Foire, L-1528, Luxembourg	Ordinary	Indirect	100.00	100.00
LSEG Malaysia Sdn. Bhd.	Malaysia	Suite 2-4, Level 2 Tower Block, Menara Millennium, Jalan Damanlela, Pusat Bandar Damansara, Wilayah Persekutuan, Wilayah Persekutuan, Kuala Lumpur, Malaysia, 50490	Ordinary	Indirect	100.00	100.00
LSEG Netherlands B.V.	Netherlands	Suite 108, Nieuwezijds Voorburgwal 162, Amsterdam, 1012 SJ, Netherlands	Ordinary	Direct	100.00	100.00
LSEG Pension Trustees Limited	England and Wales	10 Paternoster Square, London, United Kingdom, EC4M 7LS	Ordinary	Indirect	100.00	100.00
LSEG Technology Limited	England and Wales	10 Paternoster Square, London, United Kingdom, EC4M 7LS	Ordinary	Indirect	100.00	100.00
LSEG US Holdco, Inc.	USA	c/o United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, United States, 19810	Common	Direct	100.00	100.00
LSEGA Financing Plc	England and Wales	10 Paternoster Square, London, United Kingdom, EC4M 7LS	Ordinary	Direct	100.00	100.00
LSEGA Limited	England and Wales	10 Paternoster Square, London, United Kingdom, EC4M 7LS	Ordinary	Direct	100.00	100.00
LSEGA, Inc.	USA	c/o United Agent Group Inc, 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, United States, 19810	Common Stock	Indirect	100.00	100.00
LSEGA Jersey Limited	Jersey	c/o Crestbridge Jersey, 47 Esplanade, St Helier, Jersey, JE1 0BD,	Ordinary	Indirect	100.00	100.00
LSEGA2 Limited	England and Wales	10 Paternoster Square, London, United Kingdom, EC4M 7LS	Ordinary	Direct	100.00	100.00
LSEGH (I) LLC	USA	c/o United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, United States, 19810	Ordinary	Indirect	100.00	100.00
LSEGH (Luxembourg) Limited	England and Wales	10 Paternoster Square, London, United Kingdom, EC4M 7LS	Ordinary	Direct	100.00	100.00
LSEGH Inc.	USA	c/o United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, United States, 19810	Common	Indirect	100.00	100.00
LSEGH US PT, Inc.	USA	c/o United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, United States, 19810	Common Stock	Direct	100.00	100.00
LUH Financing Limited	England and Wales	10 Paternoster Square, London, United Kingdom, EC4M 7LS	Limited by Guarantee	Indirect	100.00	100.00
Mergent Japan K.K.	Japan	1-2-1, Otemachi First Square East Tower 11F, Otemachi, Chiyoda0ku, Tokyo, 100-0004	Ordinary	Indirect	100.00	100.00
Mergent, Inc.	USA	c/o United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, United States, 19810	Ordinary	Indirect	100.00	100.00
Millennium Information Technologies (India) (Private) Limited	India	83 - C, Mittal Towers, Nariman Point, Mumbai - 400021	Ordinary	Indirect	100.00	100.00
Millennium IT (USA) Inc	USA	c/o United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, United States, 19810	Common	Indirect	100.00	100.00
Millennium IT Services (Private) Limited	Sri Lanka	65/2, Sir Chittampalam A Gardiner Mawatha, Colombo, 02	Ordinary	Indirect	100.00	100.00
Millennium IT Software (Canada) Inc	Canada	Suite 2400, 333 Bay Street, Toronto, Ontario, Canada, M5H 2T6	Common	Indirect	100.00	100.00

Name of subsidiary undertaking	Country of incorporation	Registered office address	Type of share owned	Direct or indirect holding	Share ownership %	LSEG plc ultimate economic interest %
Millennium IT Software (Private) Limited	Sri Lanka	No.01 Millennium Drive, Malabe, Sri Lanka	Ordinary	Indirect	100.00	100.00
Monitor Services Hong Kong Limited	Cook Islands	c/o Cook Islands Trust Corporation Limited, First Floor, BCI House, P.O. Box 141,Rarotonga, Avarua, Cook Island	Ordinary	Indirect	100.00	100.00
Monitor Trading Limited	England and Wales	Five Canada Square, Canary Wharf, London, United Kingdom, E14 5AQ	Ordinary	Indirect	100.00	100.00
MuniGroup.com, LLC	USA	c/o Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware, United States, 19808	Member Interest	Indirect	100.00	51.30
PT Refinitiv Services Indonesia	Indonesia	WTC 3, 20th Floor, Jl. Jend. Sudirman Kav. 29-31, Kel. Karet Semanggi, Kec. Setiabudi, Kota Adm. Prov. DKI Jakarta, Jakarta Selatan	Ordinary	Indirect	100.00	100.00
Quorate Technology Limited	Scotland	Appleton Tower 8th Floor, Appleton Tower, 11 Crichton Street, Edinburgh, Scotland, United Kingdom, EH8 9LE	Ordinary	Indirect	100.00	100.00
R.M.E. Bahrain Limited W.L.L.	Bahrain	Flat 1002, Building 1459, Road 4626, Block 346, Manama	Ordinary	Indirect	100.00	100.00
REDI Technologies Ltd	England and Wales	Five Canada Square, Canary Wharf, London, United Kingdom, E14 5AQ	Ordinary	Indirect	100.00	100.00
REDI Global Technologies LLC	USA	c/o United Agent Group incInc, 600 Mamaroneck Avenue, #400, Harrison, NY, 10528, United States	Member Interest	Indirect	100.00	100.00
Refinitiv (Canvas) Holdings 1 Limited	Bermuda	c/o Conyers Corporate Service (Bermuda) Limited, Clarendon House, 2 Church Street, Hamilton, Bermuda, HM 11	Common	Indirect	100.00	100.00
Refinitiv (Canvas) Holdings 2 Limited	Bermuda	c/o Conyers Corporate Service (Bermuda) Limited, Clarendon House, 2 Church Street, Hamilton, Bermuda, HM 11	Common	Indirect	100.00	100.00
Refinitiv (Canvas) Holdings 3 Limited	Bermuda	c/o Conyers Corporate Service (Bermuda) Limited, Clarendon House, 2 Church Street, Hamilton, Bermuda, HM 11	Common	Indirect	100.00	100.00
Refinitiv (Thailand) Limited	Thailand	968 U Chu Liang Building, 34th Floor, Rama 1V Road, Silom, Bangrak, Bangkok, Thailand, 10500	Ordinary[1]	Indirect	100.00	100.00
			Preference[1]	Indirect	49.00	
Refinitiv Asia Pte. Ltd.	Singapore	18 Science Park Drive, Singapore, 118229	Ordinary	Indirect	100.00	100.00
Refinitiv Australia Pty Limited	Australia	c/o TMF Corporate Services (Aust) Pty Limited, Suite 1, Level 11, 66 Goulburn Street, Sydney, NSW, 2000	Ordinary	Indirect	100.00	100.00
Refinitiv Austria GmbH	Austria	The ICON Vienna, Wiedner Gürtel 13 A/12. OG/1123, Vienna, Österreich, 1100	Ordinary	Indirect	100.00	100.00
Refinitiv Benchmark Services (UK) Limited	England & Wales	Five Canada Square, Canary Wharf, London, United Kingdom, E14 5AQ	Ordinary	Indirect	100.00	100.00
Refinitiv Brasil Servicos Economicos Limitada.	Brazil	Avenida Doutour Cardoso de Melo, 1855 - 4 e 12 andares, Conj 41 e 122, Vila Olimpia, Sao Paulo - SP, Brazil CEP 04548-005	Ordinary	Indirect	100.00	100.00
Refinitiv Canada Holdings Limited	Canada	Suite 400, 333 Bay Street, Suite 400, Toronto, Canada, M5H 2R2	Common	Indirect	100.00	100.00
LSEG Foundation (previously called Refinitiv Charities)	England & Wales	5 Canada Square, Canary Wharf, London	Charitable incorporated organisation	Indirect	100.00	–
Refinitiv Costa Rica Sociedad De Responsabilidad Limitada	Costa Rica	San Jose, Santa Ana radial a San Antionio de Belen, Doscientos metros norte de la Cruz Roja de Santa Ana, Edificio Murano, Piso Uno, Oficina 13, Costa Rica	Ordinary	Indirect	100.00	100.00
Refinitiv Cyprus Limited	Cyprus	Neas 'Egkomis, 33, 1st floor, Flat/ Office 208, 'Egkomi, Nicosia, Cyprus, 2409	Ordinary	Indirect	100.00	100.00

Name of subsidiary undertaking	Country of incorporation	Registered office address	Type of share owned	Direct or indirect holding	Share ownership %	LSEG plc ultimate economic interest %
Refinitiv Czech Republic s.r.o.	Czech Republic	Na Perstyne 342/1, Staré Mesto, Praha 1, Czech Republic	Ordinary	Indirect	100.00	100.00
Refinitiv de Mexico, S.A. de C.V.	Mexico	Torre Esmeralda II. Blvd. Manuel Avila Camacho #36, Floor 19th, Lomas de Chapultepec, Mexico Federal District, Mexico 11000	Common	Indirect	100.00	100.00
Refinitiv Denmark A/S	Denmark	Vesterbrogade 1 E, 4, DK-1620, Copenhagen V, Denmark	Ordinary	Indirect	100.00	100.00
Refinitiv Enformasyon Limited Sirketi	Turkey	Is Kuleleri, Kule 2, Kat 1-2, 4. Levent, Istanbul, Turkey, 34330	Ordinary	Indirect	100.00	100.00
Refinitiv Europe Middle East and Africa (Central Region) Limited	Guernsey	c/o Alternative Risk Management Limited, Level 5, Mill Court, La Charroterie, St Peter Port, Guernsey, GY1 1EJ	Ordinary	Indirect	100.00	100.00
Refinitiv Financial Technology Information Service (China) Group Co., LTD.	China	Room1811, 18F , Office Tower E1 of Oriental Plaza, No.1, Dongcheng District, Beijing	Contribution Unit	Indirect	100.00	100.00
Refinitiv Finland OY AB	Finland	Spaces Postitalo, Mannerheiminaukio 1A, Helsinki, Finland 00100	Ordinary	Indirect	100.00	100.00
Refinitiv France Holdings SARL	France	6/8 Boulevard Haussmann, Paris, France, 75009	Ordinary	Indirect	100.00	100.00
Refinitiv France SAS	France	6/8 Boulevard Haussmann, Paris, France, 75009	Ordinary	Indirect	100.00	100.00
Refinitiv Germany GmbH	Germany	Friedrich-Ebert-Anlage 49, 60327 Frankfurt am Main, Germany	Ordinary	Indirect	100.00	100.00
Refinitiv Germany Holdings GmbH	Germany	Friedrich-Ebert-Anlage 49, 60327 Frankfurt am Main, Germany	Ordinary	Indirect	100.00	100.00
Refinitiv Global Markets Inc.	USA	c/o United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, United States, 19810	Common	Indirect	100.00	100.00
Refinitiv Global Private Limited	India	One World Center, 12th Floor, Tower 1, 841 Senapati Bapat Marg, Maharashtra, Maharashtra, Mumbai, 400013	Ordinary	Indirect	100.00	100.00
Refinitiv Group Nominees Limited	England & Wales	Five Canada Square, Canary Wharf, London, United Kingdom, E14 5AQ	Limited by Guarantee	Indirect	100.00	100.00
Refinitiv Hellas Single-member Societe Anonyme	Greece	53 Solonos Street, Athens, Greece, 10672	Ordinary	Indirect	100.00	100.00
Refinitiv Holdings (Thailand) Limited	Thailand	30th floor, U Chu Liang Building, 968 Rama IV,Bangkok, Bangkok, Silom Bangrak, Thailand, 10500	Ordinary[1]	Indirect	100.00	100.00
			Preference	–	–	
Refinitiv Hong Kong Limited	Jersey	c/o Crestbridge Jersey, 47 Esplanade, St Helier, JE1 0BD, Jersey	Ordinary	Indirect	100.00	100.00
Refinitiv Hungary Kft.	Hungary	Alkotás utca 53. A torony, 6. emelet, Budapest, Hungary, 1123	Ordinary	Indirect	100.00	100.00
Refinitiv India Private Limited	India	One World Center, 12th Floor, Tower 1, 841 Senapati Bapat Marg, Maharashtra, Maharashtra, Mumbai, 400013	Ordinary	Indirect	100.00	100.00
Refinitiv India Shared Services Private Limited	India	One World Center, 12th Floor, Tower 1, 841 Senapati Bapat Marg, Maharashtra, Maharashtra, Mumbai, 400013	Ordinary	Indirect	100.00	100.00
Refinitiv India Transaction Services Private Limited	India	One World Center, 12th Floor, Tower 1, 841 Senapati Bapat Marg, Maharashtra, Maharashtra, Mumbai, 400013	Ordinary	Indirect	100.00	100.00
Refinitiv Information Services (China) Co., Ltd.	China	Unit 3006, No 1223, Azia Centre, Lujiqzui Huang Road, Shanghai, China	Contribution Unit	Indirect	100.00	100.00
Refinitiv International Holdings SARL	Switzerland	153 Route de Thonon, 1245 Collonge-Bellerive, Geneva	Ordinary	Indirect	100.00	100.00
Refinitiv Ireland Limited	Ireland	12/13 Exchange Place, I.F.S.C., Dublin 1, Ireland, D01P8H1	Ordinary	Indirect	100.00	100.00

Name of subsidiary undertaking	Country of incorporation	Registered office address	Type of share owned	Direct or indirect holding	Share ownership %	LSEG plc ultimate economic interest %
Refinitiv Israel Ltd.	Israel	121-123 Derech Menachem Begin, Azrieli Sarona Building - 30 Fl, Tel Aviv, Israel, 6701203	Ordinary	Indirect	100.00	100.00
Refinitiv Italy Holding S.P.A.	Italy	Piazza Armando Diaz, 2, Milano, Italy, 20123	Ordinary	Indirect	100.00	100.00
Refinitiv Italy S.P.A.	Italy	Piazza Armando Diaz, 2, Milano, Italy, 20123	Ordinary	Indirect	100.00	100.00
Refinitiv Japan K.K.	Japan	30/F Akasaka Biz Tower, 5-3-1 Akasaka Minato-ku, Tokyo, Japan, 107-6330	Ordinary	Indirect	100.00	100.00
Refinitiv Korea Limited	Korea	9F S Tower, 82 Saemunanro, Jongnogu, Korea, 03185	Common - Voting	Indirect	100.00	100.00
Refinitiv Latam Trading Limited	England & Wales	Five Canada Square, Canary Wharf, London, United Kingdom, E14 5AQ	Ordinary	Indirect	100.00	100.00
Refinitiv Limited	England & Wales	Five Canada Square, Canary Wharf, London, United Kingdom, E14 5AQ	Ordinary	Indirect	100.00	100.00
Refinitiv Malaysia Sdn. Bhd.	Malaysia	Level 6, Menara 1 Dutamas, Solaris Dutamas, No. 1 Jalan Dutamas 1, Kuala Lumpur, Malaysia, 50480	Ordinary	Indirect	100.00	100.00
Refinitiv Middle East FZ-LLC	United Arab Emirates	Premises 501, 5th Floor, Building 01, Dubai, United Arab Emirates	Ordinary	Indirect	100.00	100.00
Refinitiv Netherlands B.V.	Netherlands	Antonio Vivaldistraat 50, Amsterdam, Netherlands, 1083 HP	Ordinary	Indirect	100.00	100.00
Refinitiv Netherlands Finance B.V.	Netherlands	Antonio Vivaldistraat 50, Amsterdam, Netherlands, 1083 HP	Ordinary	Indirect	100.00	100.00
Refinitiv Netherlands Holdings B.V.	Netherlands	Antonio Vivaldistraat 50, Amsterdam, Netherlands, 1083 HP	Ordinary	Indirect	100.00	100.00
Refinitiv Netherlands Overseas Holdings B.V.	Netherlands	Antonio Vivaldistraat 50, Amsterdam, Netherlands, 1083 HP	Ordinary	Indirect	100.00	100.00
Refinitiv New Zealand Limited	New Zealand	c/o The Business Advisory Group Limited, Level 9, 55 Shortland Street, Auckland, New Zealand, 1010	Ordinary	Indirect	100.00	100.00
Refinitiv Norge AS	Norway	Dronning Eufemias gate 16, Oslo, Norway, 0191	Ordinary	Indirect	100.00	100.00
Refinitiv Parent Limited	Cayman Islands	c/o Intertrust Corporate Services (Cayman) Limited, One Nexus Way, Camana Bay, Grand Cayman, Cayman Islands KY1-9005	Ordinary	Direct	67.51	100.00
				Indirect	32.49	
Refinitiv Peru SRL	Peru	102, WeWork Real 2, Avenida Victor Andrés Belaúnde 147, Via Principal 133, Lima, Peru, 15073	Ordinary	Indirect	100.00	100.00
Refinitiv Poland Sp. z o.o.	Poland	126/134 Marszalkowska St, 00-008, Warsaw, Poland	Ordinary	Indirect	100.00	100.00
Refinitiv Portugal Unipessoal Lda	Portugal	10, Rua Mouzinho da Silveira,Lisboa, Portugal , 1250-167	Ordinary	Indirect	100.00	100.00
Refinitiv Romania S.R.L.	Romania	6L, Iuliu Maniu Boulevard, Campus 6.1, 4th Floor, District 6, Bucharest, Romania, 061344	Ordinary	Indirect	100.00	100.00
Refinitiv RUS LLC	Russian Federation	5 Petrovka Street, Berlin Haus, Business Centre, Moscow, Russian Federation, 107031	Ordinary	Indirect	100.00	100.00
Refinitiv SA	Switzerland	153 Route de Thonon, 1245 Collonge-Bellerive, Geneva, Switzerland	Ordinary	Indirect	100.00	100.00
Refinitiv Saudi for Information and Communication Technology	Saudi Arabia	Al Thalatten Commercial Centre, 2nd Floor, Olaya Thalateen, Corner Dhabab Street, PO Box 62422, Riyadh, Saudi Arabia, 11585	Ordinary[2]	Indirect	75.00	100.00
Refinitiv Software (Thailand) Limited	Thailand	968 U Chu Liang Building, 968 Rama IV Road, Silom, Bangrak, Bangkok, Thailand, 10500	Ordinary[1]	Indirect	100.00	100.00
Refinitiv Sweden AB	Sweden	PO Box 1732, Stockholm, Sweden, SE 111 87	Ordinary	Indirect	100.00	100.00
Refinitiv Technology (China) Co., Limited	China	A2 Tower, ZhongGuanCun #1, 81 BeiQing Road, Haidian District, Beijing, China, 100193	Contribution Unit	Indirect	100.00	100.00

Name of subsidiary undertaking	Country of incorporation	Registered office address	Type of share owned	Direct or indirect holding	Share ownership %	LSEG plc ultimate economic interest %
Refinitiv Tecnologia em Sistemas Brasil Limitada	Brazil	Av. Doutor Cardoso de Melo 1855, Andar 4, Conj. 42, Vila Olimpia, Sao Paulo, Brazil, 04548-005	Ordinary	Indirect	100.00	100.00
Refinitiv Transaction Services Limited	England & Wales	Five Canada Square, Canary Wharf, London, United Kingdom, E14 5AQ	Ordinary	Indirect	100.00	100.00
Refinitiv Transaction Services Malaysia Sdn. Bhd.	Malaysia	12th Floor, Menara Symphony, No. 5 Jalan Semangat, (Jalan Professor Khoo Kay Kim), Seksyen 13, Petaling Jaya, Selangor Darul Ehsan, Malaysia, 46200	Ordinary	Indirect	100.00	100.00
Refinitiv Transaction Services Pte. Ltd.	Singapore	18 Science Park Drive, Singapore, 118229	Ordinary	Indirect	100.00	100.00
Refinitiv TW Holdings Ltd.	Cayman Islands	c/o Intertrust Corporate Services (Cayman) Limited, One Nexus Way, Camana Bay, Grand Cayman, Cayman Islands, KY1-9005, One Nexus Way, Camana Bay, Grand Cayman, Cayman Islands, KY1-9005	Ordinary	Indirect	100.00	100.00
Refinitiv UK (Rest Of World) Holdings Limited	England & Wales	Five Canada Square, Canary Wharf, London, United Kingdom, E14 5AQ	Ordinary	Indirect	100.00	100.00
Refinitiv UK Eastern Europe Limited	England & Wales	Five Canada Square, Canary Wharf, London, United Kingdom, E14 5AQ	Ordinary	Indirect	100.00	100.00
Refinitiv UK Financial Limited	England & Wales	Five Canada Square, Canary Wharf, London, United Kingdom, E14 5AQ	Ordinary	Indirect	100.00	100.00
Refinitiv UK Holding Company Limited	Bermuda	c/o Conyers Corporate Services (Bermuda) Limited, Clarendon House, 2 Church Street, Hamilton, Bermuda, HM 11	Ordinary	indirect	100.00	100.00
Refinitiv UK Holdings Limited	England & Wales	Five Canada Square, Canary Wharf, London, United Kingdom, E14 5AQ	Ordinary	Indirect	100.00	100.00
Refinitiv UK Overseas Holdings Limited	England & Wales	Five Canada Square, Canary Wharf, London, United Kingdom, E14 5AQ	Ordinary	Indirect	100.00	100.00
Refinitiv UK Parent Limited	England & Wales	Five Canada Square, Canary Wharf, London, United Kingdom, E14 5AQ	Ordinary	Indirect	100.00	100.00
Refinitiv US Fin Corp.	USA	c/o United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, United States, 19810	Ordinary	Indirect	100.00	100.00
Refinitiv US IP Corp.	USA	c/o United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, United States, 19810	Ordinary	Indirect	100.00	100.00
Refinitiv US LLC	USA	c/o United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, United States, 19810	Member Interest	Indirect	100.00	100.00
Refinitiv US Organization LLC	USA	c/o United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, United States, 19810	Member Interest	Indirect	100.00	100.00
Refinitiv US Personal Focus Inc.	USA	c/o United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, United States, 19810	Ordinary	Indirect	100.00	100.00
Refinitiv US PME LLC	USA	c/o United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, United States, 19810	Ordinary	Indirect	100.00	100.00
Refinitiv US SEF LLC	USA	c/o United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, United States, 19810	Ordinary	Indirect	100.00	100.00
Refinitiv US Services Corp.	USA	c/o United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, United States, 19810	Ordinary	Indirect	100.00	100.00
Refinitiv US Tradeweb LLC	USA	c/o Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware, United States, 19808	Ordinary	Indirect	100.00	47.70

Name of subsidiary undertaking	Country of incorporation	Registered office address	Type of share owned	Direct or indirect holding	Share ownership %	LSEG plc ultimate economic interest %
Refinitiv, S.L.	Spain	Paseo de la Castellana 95, 7a, Edificio Torre Europa, Madrid, Spain, 28046	Ordinary	Indirect	100.00	100.00
Repoclear Limited	England & Wales	10 Paternoster Square, London, United Kingdom, EC4M 7LS	Ordinary	Indirect	100.00	82.61
Reuters Asia Pacific Limited	Mauritius	c/o Ocorian Corporate Administrators Limited, 6th Floor Tower A, Ebene, Cyber City, Mauritius, 72201	Ordinary	Indirect	100.00	100.00
Reuters Pension Fund Limited	England & Wales	Five Canada Square, Canary Wharf, London, United Kingdom, E14 5AQ	Limited by Guarantee	Indirect	100.00	–
Reuters SPS Trustee Limited	England & Wales	Five Canada Square, Canary Wharf, London, United Kingdom, E14 5AQ	Limited by Guarantee	Indirect	100.00	–
RRP Pension Trustee Limited	England & Wales	Five Canada Square, Canary Wharf, London, United Kingdom, E14 5AQ	Limited by Guarantee	Indirect	100.00	–
SSC Global Business Services Limited	England & Wales	10 Paternoster Square, London, United Kingdom, EC4M 7LS	Ordinary	Indirect	100.00	100.00
Stock Exchange (Holdings) Limited(The)	England & Wales	10 Paternoster Square, London, United Kingdom, EC4M 7LS	Ordinary	Indirect	100.00	100.00
SwapAgent Limited	England & Wales	10 Paternoster Square, London, United Kingdom, EC4M 7LS	Ordinary	Indirect	100.00	82.61
Swapclear Limited	England & Wales	10 Paternoster Square, London, United Kingdom, EC4M 7LS	Ordinary	Indirect	100.00	82.61
Tech Hackers LLC	USA	c/o Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware, United States, 19808	Membership Interest	Indirect	100.00	51.30
Telfer Investments Australia Pty Limited	Australia	c/o TMF Corporate Services (Aust) Pty Limited, Suite 1, Level 11, 66 Goulburn Street, Sydney NSW 2000	Ordinary	Indirect	100.00	100.00
			Special	Indirect	100.00	
Telfer Pty. Limited	Australia	c/o TMF Corporate Services (Aust) Pty Limited, Suite 1, Level 11, 66 Goulburn Street, Sydney, NSW 2000	Ordinary	Indirect	100.00	100.00
			Special	Indirect	100.00	
The London Clearing House Limited	England & Wales	10 Paternoster Square, London, United Kingdom, EC4M 7LS	Ordinary	Indirect	100.00	82.61
The Red Flag Group (Australia) Pty Limited	Australia	c/o Pilot Partners, Waterfront Place, Level 10, 1 Eagle Street, Brisbane, Australia, QLD 4000	Ordinary	Indirect	100.00	100.00
The Red Flag Group (BVI) Limited	British Virgin Islands	Jayla Place, 2nd Floor, Road Town, Tortola, British Virgin Islands	Ordinary	Indirect	100.00	100.00
The Red Flag Group (France) SAS	France	20 Avenue Andre Malraux - 92300, Levallois Perret, France	Ordinary	Indirect	100.00	100.00
The Red Flag Group (HK) Limited	Hong Kong	18/F Champion Tower and ICBC Tower, 3 Garden Road, Hong Kong	Ordinary	Indirect	100.00	100.00
The Red Flag Group (Malaysia) Sdn Bhd	Malaysia	12th Floor, Menara Symphony, No. 5 Jalan Prof. Khoo Kay Kim, Seksyen 13, Petaling Jaya Selangor, Malaysia, 4600	Ordinary	Indirect	100.00	100.00
The Red Flag Group (Netherlands) BV	Netherlands	Antonio Vivaldistraat 50, 1083 HP Amsterdam, Netherlands	Ordinary	Indirect	100.00	100.00
The Red Flag Group (Philippines) Inc.	Philippines	Unit 7-2, 7/F Net Square, 3rd Avenue Corner 28th Street E-Square, Crescent Park West Bonifacio Global City, Taguig Metro Manila, Philippines	Ordinary	Indirect	100.00	100.00
The Red Flag Group (Poland) Sp. Z o.o.	Poland	Ul. Kotlarska 11, 31-539, Krakow, Poland	Ordinary	Indirect	100.00	100.00
The Red Flag Group (Shanghai) Limited	China	3F. Agile International Plaza, No. 525 Middle Xizang Road, Huangpu District, Shanghai, China	Ordinary	Indirect	100.00	100.00
The Red Flag Group (Spain) SL	Spain	Madrid, Paseo de la Castellana, No 161, 2 Planta, Spain	Ordinary	Indirect	100.00	100.00
The Red Flag Group (Switzerland) AG	Switzerland	Baarerstrasse 112, 6300 Zug, Switzerland	Ordinary	Indirect	100.00	100.00
The Red Flag Group (UK) Limited	England & Wales	Five Canada Square, Canary Wharf, London, United Kingdom, E14 5AQ	Ordinary	Indirect	100.00	100.00
The Red Flag Group FZ-LLC	United Arab Emirates	Office 104, Building 3, PO Box 500 630, Dubai Internet City, Dubai, United Arab Emirates	Ordinary	Indirect	100.00	100.00

Name of subsidiary undertaking	Country of incorporation	Registered office address	Type of share owned	Direct or indirect holding	Share ownership %	LSEG plc ultimate economic interest %
The Red Flag Group Inc.	USA	c/o United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, United States, 19810	Ordinary	Indirect	100.00	100.00
The Red Flag Group International (Panama) S.A.	Panama	Obarrio, 55th East, "Santa Rita O" St., SFC Tower, 15th Floor, Office 15-ABC, Panama City	Ordinary	Indirect	100.00	100.00
The Red Flag Group Limited	Hong Kong	18/F Champion Tower and ICBC Tower, 3 Garden Road, Hong Kong	Ordinary	Indirect	100.00	100.00
The Red Flag Group Products (HK) Limited	Hong Kong	18/F Champion Tower and ICBC Tower, 3 Garden Road, Hong Kong	Ordinary	Indirect	100.00	100.00
The Red Flag Group Pte Limited	Singapore	519 Balestier Road, #03-01 Le Shantier, 329852 Singapore	Ordinary	Indirect	100.00	100.00
The Yield Book, Inc.	USA	c/o United Agent Group Inc., 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, United States, 19810	Common Shares – Voting	Indirect	100.00	100.00
TicketAid Limited	England & Wales	Five Canada Square, Canary Wharf, London, E14 5AQ	Ordinary	Indirect	100.00	–
TIPS, LLC	USA	c/o Corporation Service Company, 1821 Logan Avenue, Cheyenne, WY, United States	Membership Interest	Indirect	100.00	51.30
TradeWeb Commercial Information Consulting (Shanghai) Company Limited	China	Floors 3 & 4, No. 1 Lane, 65 Huanlong Road, Shanghai Free Trade Zone	Contribution Unit	Indirect	100.00	51.30
Tradeweb Direct LLC	USA	c/o Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware, United States, 19808	Contribution Unit	Indirect	100.00	51.30
Tradeweb EU B.V.	Netherlands	Antonio Vivaldistraat 50, Amsterdam, 1083 HP, Netherlands	Membership Interest	Indirect	100.00	51.30
TradeWeb Europe Limited	England & Wales	1 Fore Street Avenue, London, United Kingdom, EC2Y 9DT	Ordinary	Indirect	100.00	51.30
Tradeweb Execution Services Limited	England & Wales	1 Fore Street Avenue, London, United Kingdom, EC2Y 9DT	Ordinary	Indirect	100.00	51.30
Tradeweb Execution Services BV	Netherlands	Strawinskylaan 4117, Amsterdam, 10777ZX	Ordinary	Indirect	100.00	51.30
Tradeweb Global Holding LLC	USA	c/o Corporation Service Company, 2711 Centerville Road, Suite 400, Delaware, United States, 19808	Ordinary	Indirect	100.00	51.30
Tradeweb Global LLC	USA	c/o Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware, United States, 19808	Ordinary	Indirect	100.00	51.30
Tradeweb IDB Markets, Inc.	USA	c/o Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware, United States, 19808	Ordinary	Indirect	100.00	51.30
Tradeweb Japan KK	Japan	30F Akasaka, B12 Tower, 5-3-1 Akasaka, Tokyo, Minato-Ku, Japan	Ordinary	Indirect	100.00	51.30
Tradeweb LLC	USA	c/o Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware, United States, 19808	Common	Indirect	100.00	51.30
Tradeweb Markets Inc.	USA	c/o Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware, United States, 19808	Common A	–	–	47.70
			Common B	Indirect	100.00	
			Common C	–	–	
			Common D	Indirect	79.60	
Tradeweb Markets International LLC	USA	c/o Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware, United States, 19808	Membership Interest	Indirect	100.00	51.30
Tradeweb Markets LLC	USA	c/o Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware, United States, 19808	Ordinary	Indirect	100.00	51.30
Turquoise Global Holdings Europe BV	Netherlands	Suite 108, Nieuwezijds Voorburgwal 162, Amsterdam, 1012 SJ, Netherlands	Ordinary	Indirect	100.00	51.36

Name of subsidiary undertaking	Country of incorporation	Registered office address	Type of share owned	Direct or indirect holding	Share ownership %	LSEG plc ultimate economic interest %
Turquoise Global Holdings Limited	England & Wales	10 Paternoster Square, London, United Kingdom, EC4M 7LS	Ordinary A	Indirect	100.00	51.36
			Ordinary B	–	–	
Turquoise Global Holdings US, Inc.	USA	3411, Tatnall Building #104, Silverside Road, c/o United Agent Group Inc. Wilmington, New Castle County, DE 19810	Common	Indirect	100.00	51.36
TW SEF LLC	USA	c/o Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware, United States, 19808	Limited Liability Company Interest	Indirect	100.00	51.30
TWC Limited	Cayman Islands	One Nexus Way, Camana Bay, Grand Cayman, KY1-9005, Cayman Islands	Ordinary	Indirect	100.00	51.30
TWEL Holding LLC	USA	c/o Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware, United States, 19808	Limited Liability Company Interest	Indirect	100.00	51.30
UK LSEG Financing 1 Limited	England & Wales	10 Paternoster Square, London, United Kingdom, EC4M 7LS	Ordinary	Indirect	100.00	100.00
UK LSEG Financing Limited	England & Wales	10 Paternoster Square, London, United Kingdom, EC4M 7LS	Ordinary	Indirect	100.00	100.00
Unavista Limited	England & Wales	10 Paternoster Square, London, United Kingdom, EC4M 7LS	Ordinary	Indirect	100.00	100.00
UnaVista TRADEcho BV	Netherlands	Suite 108, Nieuwezijds Voorburgwal 162, Amsterdam, 1012 SJ, Netherlands	Ordinary	Indirect	100.00	100.00
Yield Book Tangible Property BRE LLC	USA	c/o United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, United States, 19810	Member Interest	Indirect	100.00	100.00
Yield Book Software BRE LLC	USA	c/o United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, United States, 19810	Member Interest	Indirect	100.00	100.00
Zawya Internet Content Provider LLC, Dubai	United Arab Emirates	P.O. Box 41640, Green Tower, District-Deira, Dubai, PO Box 1426	Ordinary[1]	Indirect	49.00	100.00
Zawya Limited	Cayman Islands	One Nexus Way, Camana Bay, Grand Cayman, KY1-9005, Cayman Island	Common	Indirect	100.00	100.00
Zhi Cheng Worldwide Management Consulting (Shenzhen) Co., Ltd	China	Room 312-04, New Times Square, No 1 Taizi Road, Shuiwan Community, Zhao Shang Street, Nanshan District, Shenzhe, China	Ordinary	Indirect	100.00	100.00

1 The Group's equity interest is 49.00%, but the economic interest is 100.00%
2 The Group's equity interest 75.00%, but the economic interest is 100.00%

Associates

The Group's associate undertakings are:

Associate name	Country of incorporation	Registered office address	Identity of each class of share held in the associate undertaking	Direct or indirect holding	Share ownership % held by the investing company	Group ultimate economic interest %
AcadiaSoft, Inc.[1]	United States	c/o The Corporation Trust Company, 1209 Orange Street, Wilmington, New Castle, 19801 United States	Convertible Preferred	Indirect	15.67	15.67
Citywire Holdings Limited[2]	England and Wales	3 Spring Mews, London, England, SE11 5AN	Ordinary	Direct	16.40	16.40
Curve Global Limited	England and Wales	10 Paternoster Square, London, England, EC4M 7LS	Ordinary A	Direct	43.99	40.90
			Ordinary B	Direct	46.01	
			Ordinary C	–	–	
Global Data Consortium, Inc.[2]	United States	19 W. Hargett Street, Suite 602, Raleigh, North Carolina, 27601	Series A Preferred Stock	Direct	10.80	10.80
Seabridge Holdings Pte. Ltd.[2]	Singapore	80 Raffles Place, 32-01 UOB Plaza 1, Singapore, 048624	Ordinary	Direct	10.00	10.00

1 The Group has significant influence over AcadiaSoft, Inc. due to its right to appoint three of the company's directors.
2 The Group has significant influence over Citywire Holdings Limited, Global Data Consortium, Inc. and Seabridge Holdings Pte. Ltd. due to its right to appoint one of the company's directors.

All associates have the same year end as the Group.

Glossary

ADV
Average daily volumes or average daily value traded

AI
Artificial Intelligence

AIM
The Group's market for smaller and growing companies established in London. AIM Italia was divested in H1 2021 as part of the Borsa Italiana Group

API
Application Programming Interface

ASV
Annual Subscription Value

BEIS
UK Department for Business, Energy and Industrial Strategy

BETA
The Group's securities processing system which sits within the Wealth Solutions business

Beyond Ratings
LSEG completed the acquisition of Beyond Ratings in 2019. Beyond Ratings is a provider of ESG data and analytics for fixed income investors

Borsa Italiana
Borsa Italiana S.p.A., the Italian exchange business. Borsa Italiana was included in the H1 2021 divestment of the Borsa Italiana Group

Borsa Italiana Group
Includes Borsa Italiana, CC&G, Monte Titoli, MTS and ELITE. The Borsa Italiana Group was divested to Euronext N.V. in H1 2021

Bridge Facility
A syndicated, committed, term facility agreement comprising of US$9.325 billion and €3.58 billion. On 16 December 2020, the Bridge Facility was reduced in an amount of US$2 billion and €500 million, and drawn at completion of the Refinitiv acquisition. The facility was partially replaced by long-term finance in April 2021, with the remainder repaid using the proceeds from the Borsa Italiana Group divestment

CAGR
Compound annual growth rate

CCP
Central Counterparty – stands between two parties to a trade to eliminate counterparty risk by ensuring that settlement takes place

CC&G
Formerly Cassa di Compensazione e Garanzia S.p.A., now known as Euronext Clearing. CC&G was divested as part of the Borsa Italiana Group in H1 2021

CDSClear
LCH's over-the-counter credit default swap (CDS) clearing service

Central Securities Depository (CSD)
An entity that enables securities to be processed, settled and held in custody

CFC
Controlled foreign company

Company or LSEG or London Stock Exchange Group
London Stock Exchange Group plc and its subsidiaries

CurveGlobal
An interest rate derivatives venture between LSEG and a number of major dealer banks together with Cboe. The venture was closed in January 2022

COP26
The 2021 United Nations Climate Change Conference, also known as COP26, was the 26th United Nations Climate Change conference. It was held in the UK, in November 2021

Datascope
The Group's suite of products that distribute our evaluated pricing and reference data through a variety of non-real time channels

Depositary Receipts/Global Depositary Receipts (GDR)
Tradable certificates representing ownership of a number of underlying shares, mainly for companies in developing or emerging markets

DTC
Depository Trust Company

Derivatives
Tradable financial instruments whose value is determined by the value of underlying instruments; this could be equity, an index, a commodity or any other tradable instrument

Exchange traded derivatives (ETD)
- Listed derivatives traded on an electronic trading venue such as an exchange and cleared through a clearing house

Over the counter (OTC)
- Derivatives are negotiated privately between two parties and may be cleared through a clearing house

EBITDA
Earnings before interest, tax, depreciation and amortisation

EGBI
FTSE Russell's European Government Bond Index which measures performance of fixed rate local currency investment grade sovereign bonds

ESMA
The European Securities and Markets Authority (ESMA), the EU securities markets regulator

ESOP
Employee Share Option Plan

ETP
Exchange traded products including ETFs

Exchange Traded Fund (ETF)
Low-cost and flexible investments that track indices and sectors

Fintech
Financial technology

FCA
Financial Conduct Authority, the current regulator of conduct of providers of financial services in the UK and of UK trading venues such as Recognised Investment Exchanges (RIEs) and MTFs

ForexClear
LCH's over-the-counter foreign exchange clearing service

FRTB
Fundamental Review of the Trading Book, an international standard that sets out the rules governing the capital that banks must hold against market risk exposures

FTSE Russell
FTSE International Limited and its subsidiaries, the Group subsidiary that is a leading global provider of index and analytics solutions

FX Matching
The Group's dealer-to-dealer FX trading venue

FXall
The Group's dealer-to-client electronic FX trading and venue

GIACT
The Group's digital identity and payments verification platform. Refinitiv acquired GIACT in December 2020 and it was included in the acquisition of Refinitiv in January 2021

Green Economy Mark
Mark recognising equity issuers on London Stock Exchange with 50% or more green revenues

Group
The Company and its Group undertakings

Group undertakings
Group undertakings shall be construed in accordance with section 1161 of the Companies Act 2006 and, in relation to the Company

Hampton-Alexander Review
An independent, business-led initiative established in 2016 to increase the representation of women in senior leadership positions and on boards of FTSE 350 Companies

IIA
Institute of Internal Auditors

IOB
International Order Book – the Group's electronic trading service for international securities

IPO
Initial Public Offering – the process whereby companies join our markets and raise capital for the first time

KYC
'Know your customer' screening

LCH or LCH Group
LCH Group Limited and its subsidiaries, the Group's 82.6% owned global clearing and risk management business

Legal Entity Identifiers (LEI)
The Legal Entity Identifier (LEI) initiative is designed to create a global reference data system that uniquely identifies every legal entity or structure, in any jurisdiction, that is party to a financial transaction

Lipper
Lipper provides global, independent fund performance data in a precise, granular fund classification system, and includes mutual funds, closed-end funds (CEFs), exchange-traded funds (ETFs), hedge funds, domestic retirement funds, pension funds, and insurance products

LSE
London Stock Exchange plc

LSEG
London Stock Exchange Group plc

LSEG Business Services Limited (BSL)
Our shared services company providing a range of technology and corporate functions Group-wide

Main Market
The market for companies which have been admitted to trading on the London Stock Exchange's principal market

Mergent Inc.
A provider of business and financial data on public and private companies

MiFID or Markets in Financial Instruments Directive
EU Directive introduced in November 2007 to harmonise cross-border trading of equities, providing greater choice of trading venues

MiFID II
The revised MiFID and the accompanying Markets in Financial Instruments Regulation – better known as MiFID II and MiFIR – came into effect across all EU member states from January 2018. MiFID II is intended to build on the achievements of MiFID I, with the aim of making financial markets more open, efficient, resilient and transparent

MCCP
LSEG Technology's post trade platform for LCH's EquityClear service. The platform is designed to be scalable, highly efficient and resilient. Implemented in 2020

Monte Titoli
Monte Titoli S.p.A., an Italian Central Securities Depository and settlement provider. Monte Titoli was divested as part of the Borsa Italiana Group in H1 2021

MTS
MTS S.p.A. was divested as part of the Borsa Italiana Group in H1 2021

Multilateral Trading Facility (MTF)
Alternative electronic trading systems as categorised under MiFID

New Group
Combination of LSEG and Refinitiv following completion of the Refinitiv acquisition on 29 January 2021

Non-Executive Director (NED)
A Non-Executive Director (NED) is a member of the Board, who is not part of the company's executive management team

OTC
Over-the-counter trades in financial instruments executed outside a Regulated Market or MTF – see also Derivatives

Paris Agreement
A legally binding international treaty on climate change, signed at the COP21 conference in Paris in 2015

Parker Review
An independent review commissioned in 2017 to consider how to improve the ethnic and cultural diversity of UK boards

PRI
Principles for Responsible Investment

PrimaryBid
A technology platform which connects retail investors with listed companies raising capital, of which LSEG is a minority owner

Primary Market
The listing of securities for the first time via an IPO or introduction of existing securities

PRS
Pricing and Reference Services

Prospectus
LSEG published a shareholder prospectus on 9 December 2020, ahead of the Refinitiv transaction completion and readmission of the new LSEG to trading on London Stock Exchange's main market

Race to Zero
A UN-led campaign to rally leadership and support from businesses, cities, regions and investors for a healthy, resilient, zero carbon recovery. All members are committed to achieving net zero emissions as soon as possible, and by 2040 at the very latest

Real-Time Data Access Control System (DACS)
A Refinitiv system which allows customers to manage data entitlement, usage and reporting across their enterprise

Red Flag
The Group's provider of workflow, data, due diligence and ratings solutions that help corporate compliance customers to evaluate money laundering, bribery and corruption, reputational and ESG risk. Refinitiv acquired Red Flag in October 2020 and it was included in the acquisition of Refinitiv in January 2021. It is part of Customer & Third-Party Risk Solutions within Data & Analytics

Refinitiv
Refinitiv is a global provider of financial market data and infrastructure. The company was founded in 2018. It became a subsidiary of London Stock Exchange Group as of 29 January 2021

Refinitiv Advisory Board
A dynamic group of cross-industry, senior professionals invited to discuss key topics impacting financial markets

Refinitiv transaction / acquisition
The all-share acquisition of Refinitiv by London Stock Exchange Group plc, completed on 29 January 2021

Regulated Market
A multilateral system which brings together multiple third party buying and selling in financial instruments in accordance with rules, authorised under provisions of MiFID

Relationship Agreement
The relationship agreement effective 29 January 2021 between the Company, York Parent Limited, York Holdings II Limited, York Holdings III Limited and BCP York Holdings (Delaware) L.P. which governs the relationship between the parties following completion of the Refinitiv acquisition. Further information on the Relationship Agreement can be found at pages 65–70 of the shareholder prospectus dated 9 December 2020 and available on the LSEG website

Repo
Repurchase Agreement – the process of borrowing money by combining the sale and subsequent repurchase of an asset, cleared through LCH

RNS
Regulatory News Service, the Group's Primary Information Provider, for dissemination of regulatory and non-regulatory news to the market

Science Based Targets Initiative (SBTi)
A coalition established in 2015 between the CDP, the United Nations Global Compact, World Resources Institute and WWF which aims to enable companies to set emission reduction targets in line with leading climate science

Secondary Market
The public market on which securities once issued are traded

SEDOL
The Group's securities identification service

SETS
The electronic order book operated by the London Stock Exchange for the trading of the most liquid securities

SFTR
Securities Financing Transactions Regulation, introduced by the EU in 2016 with the aim of reducing systemic risk in the Securities Financing Transaction (SFT) market by increasing transparency and surveillance. From January 2021, there were separate EU and UK versions of SFTR containing substantially the same rights and obligations.

Smart Beta (also known as Factor indices)
An alternative index-based methodology that seeks to enhance portfolio returns or reduce portfolio risk, or both. Smart beta indices have rules-based strategies designed to provide focused exposure to specific factors, market segments or investment strategies. These may include volatility indices, defensive and high dividend yield indices, or a combination of fundamentals

SSE
Sustainable Stock Exchanges. UN-led initiative to oversee the application of the Sustainable Development Goals (SDGs), as agreed upon by the General Assembly within the 2030 Agenda for Sustainable Development

StarMine
StarMine is an analyst revisions stock ranking model that is designed to predict future changes in analyst sentiment

Sustainable Bond Market (SBM)
A dedicated segment of London Stock Exchange for social and sustainable bonds

SwapAgent
LCH's service designed to simplify the processing, margining and settlement of non-cleared derivatives

SwapClear
LCH's over-the-counter interest rate swap clearing service

The Yield Book
The Yield Book provides fixed income analytics that enables market makers and institutional investors to perform portfolio analysis and risk management. It is part of Investment Solutions within Data & Analytics

Tick History Data
The Group's historical archive of real-time pricing data, covering OTC and exchange-traded instruments from trading venues and third-party contributors

Turquoise
Turquoise Global Holdings Limited, the Group's 51.36% owned pan-European MTF equity trading subsidiary, a venture between the Group and 12 global investment bank clients

Glossary continued

UnaVista
The Group's web-based matching, reconciliation and data integration engine that provides matching of post trade data in a simple, automated process and the Trade Repository approved by ESMA

Voluntary Carbon Market
The voluntary carbon market enables private investors, governments, non-governmental organisations, and businesses to voluntarily purchase carbon offsets to offset their emissions

Workspace
LSEG's Data & Analytics workflow solution designed to provide venue connectivity for trading and access to company financial data and economic indicators as well as news, analytics and productivity tools

World-Check
The Group's risk intelligence database designed to assist organisations in meeting their KYC and third-party due diligence screening obligations

Investor Relations

Shareholder services

Equiniti registrars Shareview services

Shareholders who hold London Stock Exchange Group shares in certificated form or within an Equiniti Investment Account or ISA can access Shareview. Shareview is a free service provided by our registrars, Equiniti. It may be accessed through the internet at: **www.shareview.co.uk.**

By creating a Shareview portfolio, shareholders will gain online access to information about their London Stock Exchange Group shares and other investments including:

- Direct access to information held for you on the share register including share movements
- A daily indicative valuation of all investments held in your portfolio
- A range of information and practical help for shareholders

To register at Shareview shareholders will need their shareholder reference (which can be found on your share certificate) and they will be asked to select their own personal identification number. A user ID will then be posted to them.

If shareholders have any problems in registering their portfolio for the Shareview service, contact Equiniti on 0371 384 2544. For calls from outside the UK, contact Equiniti on +44 (0)121 415 7047.

Group's share price service

To obtain share price information for London Stock Exchange Group plc, see our website at: **www.lseg.com.**

By clicking on the Investor Relations tab, you will find the Company's share price, historical closing prices and volumes and an interactive share price graph.

Substantial Shareholders

As at 2 March 2022 the Company had been informed of the following notifiable voting rights in the issued share capital of the Company in accordance with DTR 5 of the FCA's Disclosure Guidance and Transparency Rules:

York Holdings II Limited	17.49%
Qatar Investment Authority	6.99%
York Holdings III Limited	6.67%
The Capital Group Companies, Inc.	4.98%
BCP York Holdings (Delaware) L.P.	4.83%
Lindsell Train Limited	4.40%

In connection with LSEG's acquisition of the Refinitiv business, Refinitiv's former owners, Thomson Reuters Corporation and a consortium of certain investment funds managed by Blackstone Group Inc. collectively hold an approximate 35% stake in LSEG and less than 30% of the voting rights via the entities York Holdings II Limited, York Holdings III Limited and BCP York Holdings (Delaware) L.P..

Financial calendar (provisional)

Preliminary Results (for year ending 31 December 2021)	03 March 2022
AGM	27 April 2022
Q1 Trading Statement (revenues only)	27 April 2022
Ex dividend date for final dividend	28 April 2022
Final dividend record date	29 April 2022
Final dividend payment	25 May 2022
Half year end	30 June 2022
Interim Results (for six months ended 30 June 2022)	05 August 2022
Q3 Trading Statement (revenues only)	21 October 2022
Financial year end	31 December 2022
Preliminary Results	March 2023

Please refer to our website: **www.lseg.com/investor-relations** and click on the shareholder services section for up-to-date details.

For Tradeweb reporting dates please refer to their website: **investors. tradeweb.com**

2022 AGM

The AGM for the year ended 31 December 2021 will be held on 27 April 2022 at Butchers' Hall, 87 Bartholomew Close, London, EC1A 7EB, starting at 10.30 am.

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Visit the Investor Relations section of our website for up-to-date information including the latest share price, announcements, financial reports and details of analysts and consensus forecasts: **www.lseg.com/investor-relations**

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