



LSEG

A leading financial
markets infrastructure
and data provider

London Stock Exchange Group plc
Group Sustainability Report 2020





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R Refinitiv acquisition

This report describes the sustainability performance and activities of LSEG as it was in 2020 and therefore prior to the acquisition of Refinitiv, which took place in January 2021.

Development of the new Group's sustainability approach will be shared during 2021.

About this report

1. Scope and time frame

This report covers 100% of the businesses over which LSEG had operational control in 2020 (all legal entities in which LSEG has a 51% stake or higher) employing the same principles as for financial data. For a list of all the subsidiaries consolidated and covered in the report, please see our Annual Report, pages 192–197. When a different boundary applies to ESG data, we provide explanations in the relevant section. The time frame matches the time period for the Annual Report.

2. Verification and approval

All data included in this report has been submitted to an internal verification process. Environmental, diversity and cash donation data has also been externally verified. The external verification statement for the environmental data is published on www.lseg.com/investor-relations/sustainability. This report was approved by the LSEG Board in March 2021.

3. Data provision

We provide both raw and normalised data where relevant (see Environment section), and wherever possible we provide three-year time series of comparable data.



For further information,
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For a glossary of terms, visit:
www.lseg.com/glossary

Welcome to our 2020 Group Sustainability Report



In 2020 our focus was on helping to mitigate the devastating impact of the Covid-19 pandemic; promoting diversity and inclusion; and tackling climate change.”

Our 2020 Sustainability Report reflects the progress that we, prior to acquiring Refinitiv, have made towards embedding sustainability as an integrated and fundamental part of our strategy and culture. This agenda continues to be a priority for me and for LSEG.

Positioned at the heart of capital markets, LSEG is well positioned to drive long-term sustainable economic growth, stability and resilience across global economies. We partner across the marketplace, and with other industry leaders, to champion the role responsible businesses and investors play in accelerating the transition to a low-carbon, sustainable economy and promoting good corporate governance. Our approach to embedding sustainability has two pillars: first, helping

to transform the global financial ecosystem and second, transforming our operations and culture while supporting our wider communities. In 2020, our focus was on helping to mitigate the devastating impact of the Covid-19 pandemic; promoting diversity and inclusion; and tackling climate change.

2020 was unprecedented in the challenges presented globally by the Covid-19 pandemic. Throughout, LSEG has been focused on ensuring the welfare of our employees and continuity of services to our customers. We have prioritised operational resilience; maintaining access to our capital markets; managing risk through our clearing operations; and providing important information services to market participants. All our systems continued to operate as normal, coping with the surge in volumes seen in March 2020, as customers rushed to hedge portfolios to manage risk. We also supported our issuers by waiving fees for Covid-19 related social and sustainability bonds. £75 billion of Covid-19 bonds were listed on London Stock Exchange, as at 31 December.

As important was ensuring the wellbeing and health of our people who have had different experiences of longer-term working from home under restricted conditions. We managed to transition the majority of our workforce successfully to a remote working environment and we continue to adapt our technology and working practices to this changing environment. We also made a conscious effort to ensure that employee career development was not hampered by ensuring they had the right support and access to resources. This has included the successful transition of face-to-face training onto virtual environments. We maintained our global

mentoring programme and launched “the Social Exchange” so that colleagues could meet and engage with each other, share experiences, foster an environment of partnership and collaboration, and encourage people to seek diversity of thoughts and opinions.

LSEG is also committed to supporting the communities in which we operate around the world, partnering with global and local charitable organisations to further support those impacted by Covid-19. In the UK and Italy we donated £1 million and €1 million respectively to support small and medium sized businesses who faced significant hardship as a result of the pandemic. We also donated a further £1 million to the Red Cross' Emergency Appeal Covid-19 emergency fund. Through our LSEG foundation, we have donated £420,000 around the world and are also matching up to £120,000 of employee donations in relation to Covid-19 relief. We recognise the important role that LSEG can play in the economic recovery, empowering and enabling businesses and customers to fund innovation, manage risk and create jobs, and we continue to assess areas where we can provide leadership and support.

Diversity and inclusion remains at the centre of our culture of partnership and collaboration. Our Diversity and Inclusion agenda is supported throughout the organisation and we have laid some of the foundations to improve diversity and strengthen racial inclusion. In 2020, 50% of our senior manager joiners were female, bringing our total female participation to 37%. In addition, at the end of 2020, we confirmed that the members of the Executive Committee post the completion of the acquisition of Refinitiv would be 40% female.

Welcome to our 2020 Group Sustainability Report continued

OUR FOCUS IN 2020

Our response to Covid-19

[Page 4](#)

£75 billion

of Covid-19 bonds were listed
on London Stock Exchange

Diversity and Inclusion

[Page 29–30](#)

44%

Female representation at Board level
as of 31 December 2020

We have also made good progress in promoting ethnically diverse talent within our organisation. We have made public commitments on race and disability equality through the Race at Work Charter and grown our Inclusion Networks. There is clearly much more to do but LSEG is fully committed to that effort and it will remain a key priority for the Group moving forward.

Climate risks pose threats to ecosystems, societies, markets and to companies. LSEG is committed to playing a leading role in supporting the growing drive to a net-zero carbon economy. LSEG has been a supporter of the Task Force for Climate-related Financial Disclosures (TCFD) since its launch in 2017. LSEG not only encourages issuers to report against TCFD through our reporting guidance but aims to go further each year in embedding these standards into our own financial reporting. In July, I joined Mark Carney, UN special envoy for climate and finance, to launch an initiative to ask exchanges from around the world to join a collaborative effort to drive globally consistent climate reporting. This collaboration is being taken forward through the United Nations Sustainable Stock Exchanges advisory group which LSEG chairs, alongside the Johannesburg Stock Exchange. We are developing reporting guidance based on TCFD to ensure globally consistent disclosures which each exchange can publish for use by their own corporate issuers.

With regards to carbon emissions associated with LSEG's own operations, given the pandemic, the reduction in business travel and increased remote working have resulted in a significant reduction in our CO₂ emissions per employee. In February 2021, LSEG also confirmed that it had become a signatory to the Business Ambition for 1.5°C, and a member of the United Nations Climate

Change "Race to Zero". The Group's ambitious, science-based targets to reduce emissions in alignment with the Paris Agreement have also been approved by the Science Based Targets initiative (SBTi).

And finally, as a product provider and a partner to businesses, investors and the finance sector, we continued to roll out a series of new products across our core businesses to further enable the integration of sustainability into markets. This included the FTSE Climate Risk-Adjusted EMU Government Bond Index (Climate EGBI), a European variant of the Climate WGBI, applying factors based on physical risk, transition risk and resiliency. Later in 2020, we brought out a new version with increased tilting towards climate risk considerations, the FTSE Advanced Climate EGBI, which was used as a basis for the first climate risk-adjusted government bond ETF in the market launched by BlackRock. Further products launched include the Green Revenues 2.0 model, a revised taxonomy to assess reliably corporate contributions to the green economy. In our capital markets business, we were named "Stock Exchange of the Year" by Environmental Finance in their 2020 Sustainable Investment Awards. In 2020 London Stock Exchange recognised a further 21 issuers with its Green Economy Mark, for companies that can attribute 50% or more of their revenues from green products and services, bringing the total number of companies with this classification to 92.

The acquisition of Refinitiv, which we completed in January 2021, will significantly enhance our ability to further drive sustainable growth through innovation in sustainability analytics. Furthermore, their commitment to sustainability leadership and the United Nations Sustainable Development Goals is aligned with LSEG's priorities. The combination provides an opportunity to create a world-leader in sustainability that can partner across capital markets to address the major challenges that the global economy and our societies face. We look forward to presenting a new and enhanced sustainability agenda in the coming months.



The acquisition of Refinitiv will significantly enhance our ability to further drive sustainable growth through innovation in sustainability analytics."

Our response to Covid-19

Across our business

Covid-19 has had a huge impact on societies, the global economy, our own people, customers and stakeholders. The health and wellbeing of employees has been a key focus. The vast majority of our teams in most locations have been working remotely and we continue adapting our technology and working practices to this changing environment. LSEG is in regular contact with public health authorities, governments and stakeholders around the world and will adjust the response accordingly.

To support our people we developed a Covid-19 microsite on measures that the Group were taking to support them. We launched a series of video updates from our senior leaders and produced the first edition of LSEG's Covid-19 Support Guide, bringing together all related resources and making it easier to access information on wellbeing, learning and development and to stay connected across the Group.

In May, we surveyed our teams globally to understand their experiences and plan meaningful actions. Overall feedback was positive and in line with external trends:

- 92% were confident in senior leaders' ability to lead the Group during this time
- 86% believed their manager is effectively managing them and their team virtually, with 83% agreeing their manager regularly asks how they are doing
- 93% understood their team's key priorities and 94% were clear about what is expected of them

- 82% responded that they knew who to talk to for support to manage their wellbeing
- 91% responded they were able to stay connected with colleagues.

The survey included open-ended questions which invited colleagues to highlight what (if any) further support they require while working remotely. Half confirmed they were satisfied with current arrangements, while others highlighted a need to improve: communication, technology and manager capability.

In response to the survey insights, we launched a series of line manager webinars focused on topics such as building resilience and how to keep a remote team connected, helping our leaders manage wellbeing within their teams and ensuring colleagues felt connected. We empowered our leaders to encourage new ways of working, through running townhalls and virtual team meetings. These meetings are run alongside regular intranet articles and events focusing on different aspects of wellbeing, such as the "Managing Home and Work Life" webinar. We have encouraged colleagues to assess their working environments and targeted learning is available to support our managers as they learn to adapt to new ways of working and managing teams.

We launched a series of mental health awareness events and trained more than 340 colleagues as Mental Health Champions, who are now able to spot when someone may be struggling with their mental health while working remotely, and can identify support pathways for colleagues.

We introduced the LSEG Social Exchange, where colleagues are paired up for a virtual coffee break with people they might not ordinarily interact with, building relationships across the Group and fostering an environment of collaboration. Over 350 colleagues took part in the first cohort with the next group starting in early 2021.

Parts of the Group have been running an initiative called "Mid-week My Time" where on Wednesday afternoons there is a "no meeting zone", colleagues can use this time for their own development or wellbeing. Refinitiv already have something similar in place as a wellbeing initiative.

To measure these initiatives effectiveness, we surveyed colleagues again in September. While results remained in line with external trends, some results were lower, reflecting colleagues' need for greater human and social interaction, having worked remotely for a prolonged period. For example, 55% of our colleagues felt able to disconnect from work during non-work time (vs. 75% in May). To help them create clear boundaries, we launched a series of Wellbeing webinars focusing on how to improve motivation, stay connected and keep positive through uncertainty. The latest results showed that 73% know who to talk to if they need support to manage their wellbeing (vs. 81% in May).

We recognise that we continue to operate in a challenging environment, and for some colleagues this can take a toll on their wellbeing. We are encouraging colleagues to speak with their line managers to arrange flexible working solutions to suit them. We've provided regular communications through various channels and internal support networks to ensure all colleagues understand what resources are available to them to manage their wellbeing, and who they can talk to if they need support.

Across our markets

In March, London Stock Exchange was the first exchange globally to announce that it would be admitting social and sustainability bonds with the use of proceeds aligned towards mitigating the impact of Covid-19 with no admission fees on its Sustainable Bond Market (SBM).

As of 31 December, a total of £75 billion of Covid-19 bonds were listed on London Stock Exchange, of which over £4 billion was listed on the SBM. These issuances

included a US\$3 billion Social 'Fight Covid-19' bond by the African Development Bank Group. The proceeds will be put towards mitigating the impact of Covid-19.

Additionally, RepoClear supported the clearing of bonds issued as part of the European Union's temporary support to mitigate unemployment risks in an emergency programme.

LSEG is committed to supporting communities where it operates around the world. In response to Covid-19, our regional charity committees made recommendations to LSEG Foundation on suitable donations, which has allocated more than £420,000 to charities across the world. Colleagues have raised additional funds to further support specific charities. We are matching employee donations for Covid-19-related relief up to £120,000 globally.

In the UK, we donated £1 million to Business in the Community's National Business Response Network, set up by The Prince's Trust. The Network matches community groups, charities and small businesses in need with other businesses that can provide support to them.

In Italy, we donated €1 million to Fondo di Mutuo Soccorso (Mutual Aid Fund), established to help individuals and support the recovery of the economy with focus on small businesses and the sectors most impacted by Covid-19.

Globally, LSEG donated £1 million to the International Committee of the Red Cross (ICRC)'s Emergency Appeal for Covid-19 to fund emergency medical aid around the world.

[For more information on how we mitigated the people-related risks that came with Covid-19, please see page 38 of our Annual Report.](#)

Our Sustainability Strategy



We are a global business and a key part of the world's financial system. As such, we play an important role in contributing to economic stability and sustainable growth. It is a role that we perform with pride and we take our responsibilities very seriously.”

David Schwimmer
CEO



Group at a glance

Who we are

LSEG (London Stock Exchange Group) is more than a diversified global financial markets infrastructure and data business. We are dedicated, open-access partners with a commitment to excellence in delivering the services our customers expect from us. With extensive experience, deep knowledge and worldwide 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.

Our purpose

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

R The rest of this page describes our Group as of 29 January 2021, following the completion of the Refinitiv transaction. This report describes the sustainability performance of LSEG as a standalone business in 2020. We look forward to sharing more about our new Group sustainability strategy going forward.

For more information on our business model, see page 8 of the Annual Report

OUR GROUP

Data and Analytics

Our acquisition of Refinitiv ensures we can provide the breadth and depth of financial data and best-in-class analytics that customers expect – driving innovation and growth across global markets. And our high-performance solutions – from trading, to market surveillance, to wealth solutions and more – enhance the performance of our customers and the markets

FTSE Russell is a global leader in financial indexing, benchmarking and analytic services with more than \$16 trillion benchmarked to our indices – and offers an extensive range of data services and research.

The combination of Refinitiv and FTSE Russell provides LSEG with world-leading capabilities in data, analytics and indices.

Capital Markets

We offer our customers extensive access to Europe's capital markets and liquidity across multiple asset classes. We operate a broad range of international equity, fixed income, related exchange-traded funds (ETFs)/exchange-traded products (ETPs) and foreign exchange markets that enable customers, communities and economies to grow. Our Group is home to several capital formation and execution venues: London Stock Exchange, AIM, Turquoise, CurveGlobal, Refinitiv FXall and Tradeweb (through a majority ownership interest).

Post Trade

We support our customers' clearing and reporting obligations, providing risk, balance sheet and financial resource management solutions, while working with our other divisions to extend this support across the value chain.

A leading global clearing house with a strong presence across multiple asset classes, LCH helps financial institutions all over the world use their capital efficiently and mitigate counterparty risk across multiple asset classes for sell-side clearing members and buy-side clients in conjunction with trading venues globally.

UnaVista, a regulated platform that helps customers meet their reporting compliance obligations and reduce operational and regulatory risk through reporting, reference data and analytics solutions, further complements our Post Trade offering.

Through a comprehensive, integrated suite of trusted financial market infrastructure services – and our open-access model – we provide the flexibility, stability and trust that enables our customers to pursue their ambitions with confidence and clarity

Group Sustainability

Integrity and trust are at the core of what we do. As a Group we have, from the outset, operated under the banner of "my word is my bond". That overriding principle is still relevant today as a provider of trusted, reliable, independent and user neutral services. Positioned at the heart of capital markets, we are well placed to drive long-term sustainable economic growth, stability and resilience across global economies. We partner across the marketplace, and with other industry leaders, to champion the role responsible businesses and investors play in accelerating the transition to a net-zero, sustainable economy.

Looking ahead

As our business expands and diversifies, we continue to review our sustainability objectives. Following completion of the Refinitiv transaction in January 2021, on this page we begin to set out our ambitions for the new Group. We look forward to sharing more on this during 2021.

Commitment	Actions
1. TRANSFORMING THE GLOBAL FINANCIAL ECOSYSTEM	<ul style="list-style-type: none"> Integrate and invest in ambitious Group sustainable investment and finance strategies aimed at transforming the global financial ecosystem. Build market-wide momentum in the run-up to COP26 as a leading global financial markets infrastructure group working with issuers, investors and policy makers to drive actions towards a low-carbon and sustainable economy. Drive and support efforts towards catalysing consistent sustainability and climate disclosure globally. Deepen our work on social and inclusion performance metrics, and help strength financial controls in building war crimes and green crime into financial risk screening tools Take our focus on sustainable and climate transition finance to the next level through the development of innovative market initiatives and collaborations. Build upon and extend our network of partners to develop the next generation of sustainable finance and investment platforms including through Future of Sustainable Data Alliance and the UN Sustainable Stock Exchange Initiative. Explore strategies for integrating Sustainable Finance considerations into our Post Trade operations.
2. TRANSFORMING OUR OPERATIONS AND CULTURE WHILE SUPPORTING THE WIDER COMMUNITY	<ul style="list-style-type: none"> Build out our internal sustainability capabilities and the associated resourcing to support the deepening integration of sustainability across LSEG. Further develop quantified metrics including the enlarged Group's Science-based Targets to set out a decarbonisation trajectory with a 2030 time horizon aligned with a 1.5°C scenario. Engage our suppliers in our decarbonisation efforts with a view to encouraging them to establish their own decarbonisation targets by 2025. Align LSEG Foundation and Refinitiv Charities under a common mission with the new Group's purpose statement, to enable strategic community investment partnerships and mobilise our staff volunteering potential. Roll out enlarged Group's culture and values supported by a people strategy that prioritises wellbeing and development with a view to retaining and growing talent at a time of significant corporate change. Support the markets to integrate ESG considerations and target both impact and return through back-testing historical aspects of ESG and financial performance.

Our approach to sustainability

WHY SUSTAINABILITY MATTERS

We are a global business and a key part of the world’s financial system. As such, we play an important role in contributing to economic stability and sustainable growth. It is a role that we perform with pride and we take our responsibilities very seriously. Here’s how we deliver.

Positioned at the heart of capital markets, we are well placed to drive long-term sustainable economic growth across global economies.

We partner across the marketplace, and with other industry leaders, to champion the role responsible businesses and investors play in accelerating the transition to a low-carbon, sustainable economy.

This goes beyond creating sustainable products and being a responsible business ourselves. It’s about embedding sustainability as a fundamental part of our strategy and culture.

Our intent is also to support and encourage our people to volunteer, to play active roles in the communities in which we work and to work together on action on the environment and climate change.

Our purpose

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

Focus areas

Our sustainability activities can be broadly aligned to one of two key focus areas

Impact areas

We have six impact areas that direct our focus on all of our sustainability activities.

Enabling and supporting positive change

LSEG is well positioned to support and facilitate sustainable and low-carbon solutions across the financial markets ecosystem by providing access to capital and supporting integration of sustainability into investment processes.

We aim to do this through our Convene, Grow, Disclose and Transition impact areas, explained below.

They represent where we can have the biggest impact as a business, using our unique position at the centre of capital markets to make a meaningful difference.

Being a responsible business

LSEG fully recognises its responsibilities to its people and their importance to our business model.

We monitor our impact on the communities around us and how it aligns with our strategy and values. We aim to promote sustainable practices and support local communities and the environment where we have a significant business presence.

Convene

Leveraging our position at the centre of capital markets to drive global growth

Grow

Small and medium-sized enterprises (SMEs) raise capital and fund investments to create employment worldwide

Disclose

Providing investors with information and tools to assess the ESG performance of companies to facilitate engagement and investment approaches

Transition

We work with issuers and investors to provide solutions that accelerate and manage the transition to a low-carbon and sustainable economy

Develop

Employ and invest in the development of a highly diverse global workforce to deliver on our sustainable vision

Sustain

We will help the less advantaged in communities worldwide to develop business skills and to support the environment

Materiality review

Prior to reporting, all initiatives and activities from across the year are assessed for their materiality within our strategic framework. Items are cross-referenced using both internal and external evaluators; internally, initiatives are evaluated on their relevance to six impact areas and externally against the UN Sustainable Development Goals (SDGs) and Global Reporting Initiative (GRI) materiality definitions. If the item is deemed to be material against this framework, it is reported.

Together, this framework provides a tool to:

- set coherent and congruent objectives with cross-Group impact
- create aligned action plans
- engage with employees to add value through innovative strategies
- engage effectively with external audiences and stakeholder groups

Sustainable Development Goals

We assess initiatives and activities for their contribution towards fulfilling five SDGs that are relevant to stock exchanges as set out by the UN Sustainable Stock Exchanges initiative (UN SSE): gender equality, decent work and economic growth, responsible consumption and production, climate action and partnerships for the goals.

More information on SDGs can be found here:
www.sdg.un.org/goals

This framework, incorporating the SDGs in corporate reporting, is recommended in our ESG Reporting Guidance

Impact areas

The six impact areas and their materiality are:

Sustainable Development Goals

Relating to the six impact areas

Convene

Leveraging our position at the centre of capital markets to drive global growth

Grow

Small and medium-sized enterprises (SMEs) raise capital and fund investments to create employment worldwide

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Transition

We work with issuers and investors to provide solutions that accelerate and manage the transition to a low-carbon and sustainable economy

Develop

Employ and invest in the development of a highly diverse global workforce to deliver on our sustainable vision



Sustain




















We will help the less advantaged in communities worldwide to develop business skills and to support the environment



Progress on our commitments

In the past year, we have continued to make progress towards the commitments made in our 2019 Group Sustainability Report.

Key:
 Achieved
 In Progress

Focus areas	Objective	Actions	SDGs supported	Progress
Grow	Build on the success of the Companies to Inspire series, ELITE and AIM to promote access to capital of SMEs	<ul style="list-style-type: none"> 25th anniversary of AIM, see page 14 for progress in 2020 7th edition of 1000 Companies to Inspire Britain report published See page 14 for details on ELITE 		
Convene	Support climate finance action for COP26, co-hosted by the UK and Italy, to convene the finance industry across both markets to mobilise capital markets in support of action to enable climate transition	<ul style="list-style-type: none"> While COP26 was delayed due to the Covid-19 pandemic, we led a number of major climate action focused initiatives, events and product launches through 2020. We continue to drive momentum ahead of the postponed COP26 which now takes place in November 2021 	  	
Disclose	Develop new tools to promote better ESG disclosures on LSEG markets and beyond, and promote disclosure through benchmarks	<ul style="list-style-type: none"> London Stock Exchange's ESG Disclosure Score helps issuers to see where they might improve their most important sector-specific ESG metrics and understand how they fare in comparison to their peers. It is a tool for issuers to consider good practice in disclosure of key quantitative ESG metrics 	 	
Transition	Build on LSEG purpose statement to develop a long-term integrated sustainable finance strategy, including developing capabilities to support investors and issuers focus on the transition to a low-carbon economy	<ul style="list-style-type: none"> Details on our strategy can be found on page 13. We continue to develop this and there are opportunities to develop a more comprehensive sustainable finance strategy within the new company 	 	
Develop	Further align HR systems and programmes, including diversity and wellbeing, to the Board's culture approach, ensuring resilience during periods of change	<ul style="list-style-type: none"> Full details of this can be found on pages 26–32 	 	
Sustain	<p>Increase alignment of LSEG community investment programme to LSEG Foundation's mission and strategy, aiming for a 95% target</p> <p>Achieve the 25% target for LSEG colleague's involvement in volunteering activities</p> <p>Work towards the approval of our science-based target by the Science-based Targets initiative during 2020 and aim for a further 2% reduction in Scope 1 and 2 emissions per FTE/£m revenue and a 2% reduction in waste per FTE compared to 2019, while assessing using Gold standard carbon credits to offset unavoidable air travel emissions, alongside other initiatives that will reduce our impact of our business travel</p>	<ul style="list-style-type: none"> Full details of this can be found on pages 33–34 While we did not meet our volunteering target in 2020 we acknowledge that the impact of the Covid-19 pandemic played a part in this and we have worked to provide additional support to our people and communities during this time. Please see page 4 for more detail Details of our environmental progress can be found on pages 22–25 	  	

Sustainability ratings performance

It is becoming a norm that investors consider aspects of the ESG performance of an issuer alongside other financial and strategic information in an integrated manner within their investment strategies. Given our mix of businesses supporting both issuer companies and investors, we are keen to promote high standards and disclose data that is reliable, consistent and comparable across industries.

Our ESG practices are measured by a variety of assessments including performance indices and benchmarks. These assessments provide useful external input to benchmark against global best practices and to plan for improvements in our sustainability approach.

ESG rating provider	Assessment	2020	2019	2018	Commentary
CDP CDP, formerly known as the Carbon Disclosure Project, runs a global disclosure system that enables companies, cities, states and regions to measure and manage their environmental impacts.	Overall score	A-	A-	A-	London Stock Exchange Group received a A- which is in the Leadership band. This is significantly higher than the Europe regional average of C, and higher again than the specialised professional services sector average of D. LSEG has set long-term, ambitious targets; and signed up to SBTi (Science Based Targets initiative) to ensure our corporate targets are aligned with a 2050 Net Zero pathway.
MSCI An MSCI ESG Rating is designed to measure a company's resilience to long-term, industry material environmental, social and governance (ESG) risks. Ratings range from leader (AAA, AA), average (A, BBB, BB) to laggard (B, CCC).	Overall score	AA	AA	A	According to MSCI, LSEG remains a top performer in its peer group due to its strong corporate governance and comprehensive ethics policies. One area MSCI highlights is whether LSEG's acquisitions may weigh on employee retention. Please see page 31 for further information, see the Social section where we cover how we support and develop our diverse talent of our people, and our culture. MSCI also recognises that LSEG has implemented a number of initiatives to reduce the energy consumption of its activities and outperforms peers in its efforts to understand environmental trends and integrate related considerations into its products and services.
Sustainalytics Sustainalytics ESG Risk Ratings measure the degree to which a company's economic value is at risk driven by ESG factors or the magnitude of a company's unmanaged ESG risks.	Risk Rating (out of 100, where 0 is best)	16.9	18.2	N/A	Sustainalytics finds that LSEG is at low risk of experiencing material financial impacts from ESG factors, due to its low exposure and management of material ESG issues. LSEG is in the lowest risk decile within Diversified Financials. Sustainalytics particularly identified LSEG for its strong corporate governance performance.
	Ranking (Diversified Financials)	Low Risk 62 nd out of 681	Low Risk	N/A	
FTSE Russell FTSE Russell's ESG Ratings and data model allows investors to understand a company's exposure to, and management of, ESG issues in multiple dimensions. The ESG Ratings are comprised of an overall Rating that breaks down into underlying Pillar and Theme Exposures and Scores. The Pillars and Themes are built on over 300 individual indicator assessments that are applied to each company's unique circumstances.	Absolute score (5-highest)	4.6	4.6	4.6	LSEG scored highly across ESG and is a strong performer in its peer group. The FTSE Russell assessment is very high with LSEG identified in the top 3% in its supersector. However, there still may be some opportunities to improve the assessments further in some social and governance themes including on tax transparency.
	Supersector relative percentile score (100 – highest)	97	96	98	
	Environmental score (5-highest)	5.0	5.0	5.0	
	Social score (5-highest)	4.3	4.3	4.3	
	Governance score (5-highest)	4.6	4.6	4.7	
Dow Jones/SAM Corporate Sustainability Assessment The SAM Corporate Sustainability Assessment (CSA) is an annual evaluation of companies' sustainability practices. Each year over 7,300 companies around the world are assessed. The CSA focuses on criteria that are both industry-specific and financially material and has been doing so since 1999.	Total sustainability company score (Out of 100)	61 (89 th)	61 (86 th)	59 (83 rd)	The assessment finds LSEG remaining a top performer in its peer group due to its strong corporate governance and comprehensive ethics policies. LSEG has performed consistently across all of the indicators, in particularly environmental ranking. However, specific methodology details and analysis have not been made available to LSEG.
	Governance & Economic score (Out of 100)	61 (91 st)	63 (89 th)	59 (83 rd)	
	Environmental score (Out of 100)	85 (95 th)	76 (88 th)	65 (83 rd)	
	Social score (Out of 100)	51 (87 th)	53 (82 nd)	55 (85 th)	

Enabling and supporting positive change



Positioned at the heart of capital markets, we are well placed to drive long-term sustainable economic growth across global economies.

We partner across the marketplace, and with other industry leaders, to champion the role responsible businesses and investors play in accelerating the transition to a low-carbon, sustainable economy.”

Murray Roos

Group Director of Capital Markets

LSEG is well positioned to support and facilitate sustainable and low-carbon solutions across the financial markets ecosystem by providing access to capital and supporting integration of sustainability into investment processes.

We aim to do this through our Convene, Grow, Disclose and Transition impact areas.

This represent where we can have the biggest impact as a business, using our unique position at the centre of capital markets to make a meaningful difference.

Impact areas:

Convene | Grow | Disclose | Transition

Sustainable Development Goals:



Achievements in 2020

London Stock Exchange has been named “Stock Exchange of the Year” in Environmental Finance’s 2020 Sustainable Investment Awards. The publication highlighted that London Stock Exchange impressed judges by both the breadth and depth of its sustainable investment innovation, including the launch of its Green Economy Mark and Sustainable Bond Market.

London Stock Exchange’s sustainable finance programme drew on the unique strengths of London Stock Exchange Group and demonstrated sector-wide leadership in supporting ESG and sustainable investment, with a comprehensive, cross-asset-class programme, which:

- Delivered new market innovations that have already helped raise significant additional capital;
- Provided comprehensive tools to support companies, funds and investors; and
- Brought together market actors to share best practice.

Our strategy is based on the belief that sustainable investment must be integrated into the mainstream, supported by the world’s largest capital markets. The 2020 sustainable finance programme is built upon the expertise of the whole London Stock Exchange Group, particularly the deep ESG data and investor insights of FTSE Russell and Beyond Ratings with three focus areas:

01

Driving best practice in disclosure

Helping all equity, fund and fixed income issuers to understand and implement effective, decision-useful ESG disclosures that reflect investor needs and trends in regulation.

02

Supporting new green-growth companies and funds

Improving the visibility of, and access to capital for, green and sustainable businesses worldwide.

03

Enabling the transition to a sustainable, low-carbon economy

Innovating to enable companies across all sectors to access the capital needed to address environmental risks and opportunities.

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Achievements in 2020 continued

COVID-19 BONDS

US\$3 billion

'Fight Covid-19' bond by the African Development Bank Group

In March 2020, London Stock Exchange was the first exchange globally to announce that it would be admitting social and sustainability bonds with use of proceeds aligned towards mitigating the impact of Covid-19 with no admission fees on its Sustainable Bond Market (SBM). This move was widely welcomed by the market, and has since been replicated by other exchanges.

We strongly believe that social and sustainability bonds with use of proceeds aligned to funding essential services such as healthcare, water and sanitation, supporting employment, or with a link to the relevant UN Sustainable Development Goals can have a role to play in directing capital to initiatives that will help mitigate the impact of Covid-19. Such instruments could help issuers in both developed and developing countries unlock funding for a wide range of critical projects in both the short and long term.

As at 31 December, a total of £75 billion of Covid-19 bonds were listed on London Stock Exchange, of which over £4 billion was listed on the SBM. These issuances included a US\$3 billion Social 'Fight Covid-19' bond by the African Development Bank Group; this was also the issuer's first listing on London Stock Exchange. The proceeds will be utilised towards enhancing access to essential services, supporting healthcare, employment, water and sanitation to mitigate the impact of the pandemic. There were also two Covid-19 social response bonds listed on Borsa Italiana, raising €1 billion.

£75 billion

of Covid-19 bonds were listed on London Stock Exchange

ELITE

Grow

ELITE, LSEG's international programme to facilitate access to capital for SMEs, saw its community reach 1,500 companies across 45 countries (2019: 1,400 companies across 45 countries).

ELITE continues to expand reach in Europe by leveraging on ELITE Ambassadors local presence, country-specific knowledge and networks to better cater for the needs of ambitious private companies. Seven ELITE companies joined our markets, taking the total number of IPOs from ELITE companies on our markets to 36.

1,500

companies in ELITE network

AIM

Grow

AIM continues to be one of the world's most successful growth markets, supporting companies throughout changing business and economic cycles. London Stock Exchange celebrated the 25th anniversary

of the launch of AIM in June. Since its inception in June 1995, AIM has admitted over 3,800 companies from across the globe, raising a combined £118 billion in equity capital.

25th

anniversary of the launch of AIM

Achievements in 2020 continued

GREEN ECONOMY MARK 2ND COHORT AND REPORT

Grow | Transition

The Green Economy Mark, which was launched in October 2019, recognises equity issuers on London Stock Exchange Main Market and AIM with green revenues of 50% or more, identified by the Green Revenues data model developed by FTSE Russell.

21 new issuers were awarded the Green Economy Mark, bringing the total to 92 issuers by the end of 2020, with a combined market capitalisation in excess of £135 billion, including Chinese GDR issuer Yangtze Power, becoming the first Shanghai-London Stock Connect issuer to be awarded the Mark.

92

Green Economy Mark issuers

A report published in July 2020 showed that Green Economy Mark issuers account for 2% of total market capitalisation and 4% of total number of equity issuers, yet were responsible for 8% of total capital raised in the previous 24 months. Further, collectively issuers with the Green Economy Mark outperformed the FTSE All-Share Index over the past two years by 37%. While the markets experienced significant volatility during the Covid-19 pandemic, Green Economy Mark equities, in aggregate, demonstrated greater resilience and subsequently recovered faster than the rest of the market.

£135 billion

combined market capitalisation
of Green Economy Mark issuers

SUSTAINABLE BOND MARKET AND GREEN BONDS

Grow | Transition

London Stock Exchange's Sustainable Bond Market (SBM) acts as a platform for sustainable finance instruments and comprises dedicated segments for social and sustainability bonds. We remain committed to supporting our clients and the development of the social and sustainability bond markets during this unprecedented period.

In 2020, London Stock Exchange launched its Sustainable Bond Market Advisory Group (SBMAG), a forum for market participants to provide input on London Stock Exchange's Sustainable Bond Market and act as a consultative body on future developments in the sustainable field. This initiative is part of London Stock Exchange's continued commitment to support companies and investors seeking to raise capital and manage risk associated with the transition to a low-carbon economy.

In 2020, a total of 43 bonds raising £13.5 billion by 22 issuers have been listed on the Sustainable Bond Market. 11 of these issuers were debut issuers on our markets, including the United Mexican States, Qatar National Bank and Northern Powergrid. As of end of December there are 253 active bonds on the SBM raising a combined £52.4 billion.

One of the key developments in sustainable finance in 2020 has been the emergence of transition bonds, where either the issuer itself or the issuer's activities are transitioning to more sustainable operating models. We have participated in industry initiatives on the design of suitable market disclosure standards including the Climate Transition Finance Working Group, under ICMA's Green Bond Principles/Social Bond Principles. In 2021, we expect to launch London Stock Exchange's Transition Bond segment as part of SBM.

On Borsa Italiana's Green and Social Bond segment, 59 new green or sustainable bonds were listed in 2020, with a total of 161 instruments on the segment at the end of the year. This includes two Covid-19 social response bonds listed on Borsa Italiana, issued by Cassa Depositi e Prestiti, raising €1 billion. Moreover, on ExtraMOT PRO3, the fixed income segment of Italian SMEs, 23 new debt instruments have been listed, with 180 debt instruments listed and €5.5 billion raised since the launch.

Achievements in 2020 continued

GREEN FUNDS

Grow | Transition

Green funds listed in London raised £2.3 billion in 2019, representing over one third of all capital raised by listed funds in London. Key listings in 2020 included funds for social causes, such as Home REIT, which became the largest UK focused REIT to list in London for over three years and the largest fund IPO in 2020, by raising £241 million to invest in property that seeks to alleviate homelessness in the UK. We also saw listings that aim to facilitate the transition to a low-carbon economy including Triple Point Energy Efficiency Infrastructure

Company, which was the 25th fund to receive the Green Economy Mark, as it raised £100 million, to invest in energy efficiency assets. Listed green funds represented over 35% of the further capital raised for funds in 2020, including Greencoat UK Wind raising £400 million – the largest issuance ever for a listed green fund in London, highlighting the strength of investor demand for renewable energy and energy efficiency assets and underlining LSEG's position as a leading international centre for promoting and raising green finance.



Listed green funds represented over 35% of the further capital raised for funds in 2020, including Greencoat UK Wind raising £400 million.”

ESG ETFS

Grow | Transition

2020 saw a record breaking 132 ESG and sustainable ETFs listed on our markets, bringing the total to 326 as of 31 December 2020.

At year end there were 138 ESG and sustainable ETFs listed on London Stock Exchange with almost £100 billion AUM at year end.

The 61 new ESG ETF listings on our London markets represent 45% of new ETF listings in 2020 on London Stock Exchange. This compares to 18% in 2019, demonstrating the continued growth in support for these products.

132

ESG and sustainable ETFs listed on our markets in 2020

1000 COMPANIES TO INSPIRE

Grow

London Stock Exchange Group published the seventh edition of its '1000 Companies to Inspire Britain' report, which identifies the UK's most dynamic and fastest-growing small and medium-sized enterprises (SMEs). The businesses featured in this year's report highlight the regional and sector diversity of UK SMEs and the innovation shown by these companies.

The companies featured in this year's report have recorded an annual average revenue growth rate of 41.2% and have generated more than 42,000 jobs in the two years to December 2019. Issuer Services hosted and developed the functionality for those 1,000 companies to log-in and personalise their own company pages, allowing those companies to benefit from London Stock Exchange's digital reach via the Issuer Services platform.



The businesses featured in this year's report highlight the regional and sector diversity of UK SMEs and the innovation shown by these companies.”

Achievements in 2020 continued

ESG DISCLOSURE SCORE REPORT

Disclose | Convene

London Stock Exchange's ESG Disclosure Score helps issuers to see where they might improve their most important sector-specific ESG metrics and understand how they fare in comparison to their peers. It is a tool for issuers to consider good practice in disclosure of key quantitative ESG metrics, by providing an indication of the most relevant ESG metrics in the issuer's industry and showing how their quantitative disclosure across these areas compares to industry peers.

The score supports issuers to focus on their ESG disclosure, particularly the many issuers outside the FTSE 100, who are aware but may have fewer resources and less expertise in ESG.

The ESG Disclosure Score is calculated and provided to issuers annually in October based upon the latest ESG data gathered by FTSE Russell. Analysis of trends shows a positive trajectory of disclosure, but found that more

work is required by issuers to improve disclosure across all industries, and in particular for the 'Social' component of ESG.

There was notable progress among the top-scoring issuers. In 2020, 12 issuers scored over 90% and eight of these issuers scored 100%, compared to three in 2019. These eight issuers have a combined market capitalisation of more than £135 billion.

BORSA ITALIANA VIRTUAL SUSTAINABILITY WEEK AND CAPITAL MARKETS SUSTAINABLE FINANCE PARTNERSHIP

Convene

Borsa Italiana continues to support Italian listed companies in embracing ESG trends through educational initiatives and engagement with investors. It organised the first virtual Italian Sustainability Week which led to 600 meetings between companies and ESG investors.

Borsa Italiana subsequently launched the Capital Markets Sustainable Finance Partnership, aimed at creating an integrated ecosystem to foster the development of Sustainable Corporate Finance solutions for the Italian market.

TASKFORCE ON SCALING VOLUNTARY CARBON MARKETS

Convene | Transition

The Taskforce on Scaling Voluntary Carbon Markets (VCM), was launched by Mark Carney, UN Special Envoy for Climate Action and Finance Advisor to UK Prime Minister Boris Johnson for COP26, chaired by Bill Winters, Group Chief Executive, Standard Chartered. As an increasing number of companies commit to reducing emissions, and investors demand clear, credible transition plans, a well-functioning voluntary carbon market will be critical to reaching net zero and net negative goals.

LSEG has been an active participant in the Taskforce and sub-working groups since its creation and contributed to the recommendations published in the Taskforce's Consultation Document, which aim to identify the infrastructure solutions necessary to scale the VCM.

These are recommendations for the private sector developed by both current and potential market users, to ensure this market can deliver to the needs of its participants without compromising the integrity of decarbonisation.

The Taskforce has found six key areas where efforts are required to achieve a large, transparent, verifiable and robust voluntary carbon market; these themes are establishing core carbon principles, exchange traded core carbon reference contracts, infrastructure, offset legitimacy, market integrity and demand signalling.

LSEG continues to be an active member and is currently examining a number of potential commercial opportunities to support the scaling up of the VCM.

Achievements in 2020 continued

MODEL GUIDANCE ON TCFD

Disclose | Transition

London Stock Exchange Group's CEO, David Schwimmer, and former Bank of England governor, Mark Carney, who is now the UN Special Envoy for Climate Action and Finance, wrote in June to the CEOs of major stock exchanges around the world. The letter asked them to join forces via the United Nations Sustainable Stock Exchanges (SSE) initiative to join a new collaborative project to drive high-quality consistent climate reporting

by corporate issuers globally. The project aims to develop 'model guidance' on best practice climate reporting incorporating the recommendations from the FSB Task Force on Climate-related Financial Disclosures (TCFD). LSEG is co-chairing the workstream with the Johannesburg Stock Exchange with the goal of publishing the guidance ahead of COP26 in 2021.



LSEG has been an active participant in the Task Force since its creation."

David Schwimmer
CEO

FTSE RUSSELL GREEN REVENUES 2.0 DATA MODEL

Transition

In September, FTSE Russell launched its enhanced Green Revenues 2.0 Data Model, which measures the green revenue exposure of more than 16,000 listed companies across 48 developed and emerging markets. This represents 98.5% of the total global market value of listed companies.

FTSE Russell's Green Revenues 2.0 Data Model provides investors with a comprehensive classification system covering green products and services in 10 sectors. A green 'tiering' system is also applied to determine net environmental impact based on seven environmental objectives. By using three tiers to rank sources of green revenue by 'Limited', 'Net Positive' and 'Clear and Significant', FTSE Russell's Green Revenues data supports a clearer understanding of investors' 'green exposure'.

The data model can also be used for a growing number of regulatory reporting needs, including reporting portfolio exposure to the EU Sustainable Finance Taxonomy. Over a decade of green revenues data is available, dating back to 2008, enabling investors to look at a company's changing revenues linked to green products and services.

FTSE Russell's Green Revenues data model was originally launched in 2015 and serves as the underlying data to London Stock Exchange's Green Economy Mark, which is awarded to London listed companies with over 50% of green revenues. Launched in 2019, the Mark has been awarded to 92 issuers across London Markets. The data model is also used to underpin several prominent index series including the FTSE TPI Climate Transition index and the FTSE Environmental Markets Index series.



FTSE Russell's enhanced Green Revenues 2.0 Data Model is a powerful tool that investors can use to quantify a company's contribution to the green economy in a single percentage of revenue figure."

Achievements in 2020 continued

FTSE4GOOD

Transition

In 2020 Taiwan Futures Exchange (TAIFEX) licensed the FTSE4Good TIP Taiwan ESG Index for its latest futures offering. The FTSE4Good TIP Taiwan ESG Index Futures is the first product by TAIFEX linked to the index, and the first ESG based future product launched in the Asia-Pacific region. It is also the second futures collaboration for FTSE Russell in Taiwan.

In January 2020 FTSE Russell, in partnership with Bolsa Institucional de Valores (BIVA), launched the FTSE4Good BIVA Index, the first index in Mexico with a global

standard of companies that meet environmental, social and corporate governance requirements. This index was designed to measure the performance of companies in Mexico that demonstrate strong sustainable practices. To be included, companies must be part of the FTSE BIVA index, which ensures that they meet minimum size and liquidity criteria as well as FTSE4Good criteria, ensuring a minimum standard in their environmental, social and corporate governance (ESG) practices.



FTSE Russell is committed to supporting growing client and investor demand in Taiwan, and across Asia, for sustainable investment solutions developed to globally recognised ESG standards.”

FTSE TPI CLIMATE TRANSITION INDEX

Transition

In early 2020, FTSE Russell launched the FTSE TPI Climate Transition Index in collaboration with the Transition Pathway Initiative and the Church of England Pensions Board. FTSE Russell is a member of TPI contributing data, expertise and benchmark development. This is the first global index that enables passive funds to capture company alignment with climate transition. The Index combines FTSE Russell and TPI

analysis on company exposure to five climate considerations: green revenues, fossil fuel reserves, carbon emissions, management quality and carbon performance assessments. The Church of England Pensions Board has allocated a £600 million mandate to track the index, supporting the Pension Board's objective of aligning its fund with the goals of the Paris Agreement.

£600 million

allocated by the Church of England
Pensions Board

FTSE TARGET EXPOSURE INDEXES

Transition

In February FTSE Russell introduced FTSE Target Exposure indexes. The new FTSE Russell indices provide precise alignment between investment exposures and investment objectives. They allow investors to precisely calibrate exposure to common risk factors such as Value, Quality, Low Volatility, Size and Momentum as well as industry and country classifications. This same methodology is now also being applied to sustainable investing portfolio objectives such as achieving controlled and specific climate exposure reductions or increases in green industry exposure. The precise control of exposures, including the removal of unwanted factor exposures, permits greater control over index tracking error.

The launch represents a natural evolution of FTSE Russell's factor framework by applying variable factor tilts over time to account for the changing attributes of stocks. Crucially, the indices maintain the high levels of transparency associated with the FTSE Global Factor Index Series. This methodology was employed by a UK based defined benefit pension fund, with LGIM serving as the asset manager. The scheme moved its entire equity allocation to a multi-factor strategy that could limit draw-downs, apply specific risk parameters and control the risks of unintended factors.

Achievements in 2020 continued

FTSE ADVANCED CLIMATE EGBI LAUNCH AND LICENCE TO BLACKROCK

Transition

In early 2020 FTSE Russell launched the first government bond index to adjust country weights based on climate risk consisting solely of European Monetary Union (EMU) countries. The FTSE Climate Risk-Adjusted European Monetary Union (EMU) Government Bond Index ('Climate EGBI') expands FTSE Russell's range of climate risk-adjusted government bond indexes and follows the launch of the 'Climate WGBI' in July 2019. The Climate EGBI was developed using climate scores from Beyond Ratings, London Stock Exchange Group's highly respected ESG analytics provider.

Building on the launch of the Climate EGBI, FTSE Russell launched the Advanced Climate EGBI in October 2020. It differs from the parent index by applying scores for physical risk, transition risk and resiliency in equal measure. The index is designed for index users with an increased focus on climate performance of their government bond portfolios and is the result of close collaboration with BlackRock, who then used this index as the benchmark for the first climate risk-adjusted government bond ETF in the market.



Both institutional and private asset owners are increasingly including climate objectives in their decision-making and are adjusting fixed income portfolios based on climate concerns."

Arne Staal

Group Head of Research and Product,
Investment Solutions

SMART SUSTAINABILITY SURVEY

Disclose | Transition

FTSE Russell published the findings of an annual asset owner survey, run in January and February 2020, examining the convergence of smart beta strategy and Sustainable Investment (SI): "Smart Sustainability: 2020 global survey findings from asset owners".

In 2020, we have noted a significant increase among asset owners worldwide interested in applying sustainability considerations to their smart beta strategies. The survey found that 58% of asset owners globally anticipate applying sustainability considerations

to smart beta strategies, up from 44% in 2019. This is also reflected in our work with our clients, who are increasingly looking to integrate these parameters into smart beta indexes to underlie their portfolio strategies. Climate risk was a key topic for asset owners in 2020: among those who anticipate applying sustainability to their smart beta strategy, Climate risk/Carbon tops the list of sustainability themes at 64%, with Environmental considerations close behind at 59%, while Governance and Social themes are also widely considered, both at 55%.

58%

of asset owners globally anticipate applying
sustainability considerations

Being a responsible business



Financial markets infrastructure must play a core role in enabling the transition to a net-zero economy. The focus on incorporating sustainable investment strategies has only increased during Covid-19 and LSEG is committed to playing a leading role.

As part of our own commitment, LSEG is delighted to become a member of United Nations Climate Change ‘Race to Zero’, the first global exchange group to do so. Our ambitious targets to reduce emissions and limit global temperature rise to 1.5°C, in line with the Paris Agreement, have also been approved by the Science Based Targets initiative.”

David Schwimmer
CEO

LSEG fully recognises its responsibilities to its people and their importance to our business model.

We monitor our impact on the communities around us and how it aligns with our strategy and values. We aim to promote sustainable practices and support local communities and the environment where we have a significant business presence.

Impact areas:

Develop | Sustain

Sustainable Development Goals:



Environment: progress in 2020

As a Group, we strive to take a leadership role in our approach to sustainability and environmental stewardship. This not only covers how we support sustainability integration into our business and capital markets but also through our own operations. The Group's primary direct environmental impacts arise from our data centres, our offices that in 2020 hosted over 5,000 employees around the world, from business travel and, indirectly, from our supply chain. In the future, following the coming together of Refinitiv and LSEG into a new company, our operational footprint grows substantially. We are exploring, understanding and modelling the risks and opportunities for our business arising from climate change and are taking action to address them. The integration of LSEG and Refinitiv provides an opportunity to evolve and deepen our approach to sustainability and to managing our environmental impacts.

Highlights

A-

CDP Climate Change
for 5th consecutive year

65%

reduction in absolute operational
and business travel emissions (vs. 2019)¹⁵

15. Footnotes can be found on page 48

100%

renewable electricity

**Approved
science-based target**

Between 2013 and 2020, the Group achieved over 70% reduction in GHG emissions. We achieved this through investment in energy efficiency measures: new technology, office and data centre consolidation and purchasing of 100% renewable electricity. During 2020, our environmental ambitions for the next ten years were raised as we embark on what the United Nations have coined the 'Decisive Decade'. We have set a science-based target approved by the Science Based Targets Initiative (SBTi), which ensures our emissions reduction target meets with the changes needed to keep global warming below 1.5°C compared to pre-industrial levels. This target will demand us to not only make substantial change to our own operations, but also requires our supply chain to take action.

This target supports us on our trajectory towards net-zero emissions by 2050. At the start of 2021, we stated our commitment to 'Business Ambition for 1.5°C', and therefore joined the 'Race to Zero' campaign convened by the UN to build momentum around the shift to a decarbonised economy, ahead of COP26. It aims to show that businesses, cities, regions and investors are united in preparing themselves to achieve net zero carbon emissions before 2050. As LSEG integrates with the Refinitiv business, who themselves have set science-based targets approved by the Science Based Targets initiative (SBTi), the targets for both legacy businesses will be combined to provide a new Group-wide set of targets which will be shared in next year's report.

Official science-based target

London Stock Exchange Group plc commits to reduce absolute Scope 1, Scope 2 and Business Travel (Scope 3) GHG emissions 46% by 2030 from a 2019 base year.

London Stock Exchange Group plc's supplier engagement target commits to 66% of our suppliers (by emissions) setting a science-based target by 2025, covering 57% of our total Scope 3 emissions.

Environment: progress in 2020 continued

Progress against our science-based target is detailed below. During 2020, as a result of the impact of Covid-19 on our operations, we achieved a 65% reduction in Scope 1, 2 and Business Travel (Scope 3) emissions. This was primarily due to global travel restrictions. We will report on progress against our science-based target in our Sustainability and Annual Reports.

2020 Actual

7,348
tCO₂e

2019 (base year)

20,955
tCO₂e

2030 Target

46%
Less tCO₂e

2020 Milestone

4.2%
Less tCO₂e

Progress

65%
Less tCO₂e

In 2020, we undertook a full inventory of all relevant indirect GHG emissions, covering emissions from our supply chain, employee commuting, upstream assets, and additional indirect fuel-and-energy-related emission sources. Our supply chain emissions are estimated based on spend by procurement category, which has allowed us to identify the number of suppliers that we need to engage with through our supplier engagement target (as above). Upstream assets include leased storage space, as our leased office and data centre facilities are already included in our Scope 1 and 2 emissions. Emissions from this leased space are estimated based on floor area. Employee commuting is currently estimated using data on the average occupancy per month of each of our offices, and assumptions as to typical commute types and distances applied by region. Importantly during 2020, we have also estimated the emissions from our employees who are now working from home because of the pandemic. As part of our continuous work on managing our environmental impact, we aim to improve the accuracy of this data during 2021.

During 2020, we rebased our GHG inventory to allow us to make some accuracy improvements for business travel, as well as waste and energy emissions. This was required as more accurate data was made available for some offices and business travel partners, and we chose to include radiative forcing uplift to our air travel emissions calculations, as this is now common practice in corporate carbon accounting. These methodology and data collection changes have been applied retrospectively from 2018 to ensure continuity in our reporting. See pages 47–48 for more information.

Our focus for the early part of 2021 will be the integration of the legacy LSEG and Refinitiv organisations. This will require a rebase of our GHG inventory, and generation of a new combined science-based target.

Managing our environmental impact

Our Environmental Management Group (EMG) guides the Group's environmental strategy, and is responsible for setting Group-wide targets, and managing and continually seeking to improve our environmental performance. The EMG reports performance quarterly via our Intranet and annually discloses verified emissions on our website, in our Sustainability and Annual Reports, and in response to CDP, FTSE Russell, MSCI, Sustainalytics and S&P. Its responsibilities also include:

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

We maintained our accreditation for our ISO 14001 Environmental Management System by a UKAS accredited body. The system initially covers the UK property portfolio and we are assessing extending the system to cover further locations.

David Shalders, the Group COO, reports to the Board on environmental operational issues and Brigitte Trafford, the Group's Chief Communications and Marketing Officer, reports to the Board on the Group's overall sustainability performance.

Environment: progress in 2020 continued

OVERALL PERFORMANCE

Sustain

Achieved: -8% Scope 1 and Scope 2 carbon emissions per £m revenue (vs. 2019)

2020 Target: -2% Scope 1 and Scope 2 emissions per £m revenue (vs. 2019)

Achieved: -9% Scope 1 and Scope 2 carbon emissions per FTE (vs. 2019)

2020 Target: -2% Scope 1 and Scope 2 emissions per FTE (vs. 2019)

Achieved: -50% waste produced per FTE (vs. 2019).

2020 Target: -2% waste produced per FTE (vs. 2019).

It is important that we account for the GHG emissions related to our staff working from home, for the majority of 2020, due to the pandemic. This agile way of working is set to continue in future years as we adapt to increased social distancing within the work environment. For 2020, this is based on monthly office occupancy data and estimated energy use in our employees' homes by region, whilst we work on collecting more accurate data from our colleagues globally.

We estimate emissions resulting from our employees working from home in 2020 totalled 5,755 tCO₂e (0.98 tCO₂e per FTE).

Further detail on our environmental performance can be found on pages 42–48

Overall Performance	2020	2019	2018 ⁴
Total (tCO₂e)^{1, 5, 6, 8, 10}	137,047	150,983	31,492
per FTE	23.4	27.8	6.1
per £million revenue	56.1	65.3	14.8
Scope 1 ^{2, 9}	2,670	2,734	2,271
Scope 2 – Market Based ^{3, 7}	0	0	7,132
Scope 2 – Location Based ³	14,279	18,052	19,168
Scope 3 ⁴	134,377	148,249	22,089
Renewable Electricity ⁷	100	100	66
Scope 3 Categories⁶			
Purchased Goods & Services	120,194	123,224	NA ⁴
Fuel- and energy-related activities	2,663	3,230	3,778
Waste generated	148	18	19
Water	22	36	35
Business travel	4,671	18,221	18,257
Employee commuting	843	3,440	NA ⁴
Home working	5,755	NA ⁴	NA ⁴
Upstream leased assets	81	80	NA ⁴

1, 2, 3, 4, 5, 6, 7, 8, 9, 10. Footnotes can be found on page 48

Progress in 2020

Due to the impact of Covid-19 on our working arrangements, we have achieved significant reductions in electricity consumption, business travel journeys, water use and waste production during 2020, resulting in a 9% reduction in total market-based emissions compared to 2019.

Our electricity consumption reduced by 12%, influenced primarily by a 31% reduction in our office space electricity use; our data centres continued to run at full capacity throughout the year. Our fuel consumption, which is the sole source of Scope 1 and Scope 2 market-based emissions⁷ also reduced during 2020 due to less incidents on the grid in the UK and fewer engineering works requiring stand-by generator use.

The reductions in business travel journeys have helped our understanding of what is possible without the ability to travel globally, and will be an important learning that we must use to inform our Net Zero Climate Strategy. In response to Covid-19 and in an effort to keep our employees safe we offered those who needed to visit our offices the use of electric taxis across London to avoid public transport. The use of electric vehicles in this response has helped us to balance our environmental concerns with the health and safety of our employees.

The estimation of further indirect emissions for our supply chain, upstream leased assets and employee commuting means that we are reporting all relevant emissions sources to our organisation according to the GHG Protocol.

Environment: progress in 2020 continued

OVERALL PERFORMANCE CONTINUED

What we can improve

During 2020 our absolute energy consumption reduced for the first time since 2014, as a result of the pandemic. If we include our assumptions on home working energy use, we continued to use more energy to operate compared to the previous year. This is because per employee energy use is estimated to be higher for home working than when in a more efficient office environment. Energy efficiency initiatives were still taken during 2020, including chiller replacement in Sri Lanka, UPS (Uninterruptable Power Supply) replacement in the UK and further lighting replacement projects globally, but fewer were completed in the year than planned due to limited access to our buildings. Natural gas reductions were limited during low occupancy periods, which highlighted the need for improvements in building management systems in some of our office locations. These are planned for 2021.

We have identified a trend of better and more accurate reporting of refrigerant use, which over the last two years have become a more material impact on our Scope 1 emissions, due to the very high global warming potential of many traditional refrigerants. During 2021, our UK team are developing a strategy for replacing refrigerants with lower global warming potential alternatives.

This year we have expanded our carbon accounting to include new Scope 3 categories, some of which have necessitated the use of assumptions and estimates.

2021 focus

Our focus for 2021 will be on integration of the LSEG and Refinitiv GHG emission inventories, environmental governance and strategy and bringing together our existing science-based targets. Both businesses are ambitious on environmental objectives and the coming together of the two businesses provides an opportunity to share and learn best practice from one another. We aim to develop an even stronger vision and execution as combined entity. As part of the integration activities, we have ensured environmental performance of our estate is a key consideration in consolidating our office and data centre locations. As we combine our environmental reporting systems, we will prioritise improving the accuracy of our most material emission sources. During 2021, as travel restrictions and social distancing measures slowly lift, it will be important that we communicate our Net Zero Climate Strategy to all employees and external stakeholders to ensure that we work in a way that keeps us on track to meet our science-based target, and overall net zero ambition.

Social

Developing our diverse and global talent to fulfil their potential.

In addition to activities that specifically aim to deliver our sustainability strategy, we also aim to ensure that our own business activities are consistent with good practice.

The engagement of colleagues is central to our organisation. We rely on their skills and experience to deliver on the Group's strategy and create a culture that ensures we can attract, retain and develop the best talent.

LSEG fully recognises its responsibilities to its people and their importance to our business model. The LSEG Board receives updates on matters relating to employees and culture, through the Group Culture Dashboard.

Highlights in 2020

More than 340 colleagues trained as Mental Health Champions

Expansion of LSEG Inclusion Network (IN)*

* LSEG Inclusion Network (IN) represents seven global networks and 18 regional networks. The global Inclusion Network (IN) meets regularly at a forum where networks will be able to share knowledge and collaborate

OUR CULTURE

Develop

Below we describe our culture as an new group following the completion of the Refinitiv transaction in January 2021. The data and initiatives described relate to LSEG as a standalone business in 2020.

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 of "driving financial stability, empowering economies and enabling customers to create sustainable growth" and delivering on our promise of "Essential Partnerships. Open Opportunities".

Following the acquisition of Refinitiv ensuring we develop and embed a truly unified culture of growth, opportunity, diversity and innovation has never been more vital. We recognised this need early on and so a key focus throughout our integration planning in 2020 was on creating a clear and distinctive culture by bringing with us the best of how we operated individually.

This culture is supported by three core pillars that apply to all parts of the Group:

- **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. We break down silos, bringing together data, products, people and partners globally in new and better ways. We behave as a truly global organisation, creating inclusive teams that work in partnership with our customers and stakeholders
- **Create opportunity:** We have the courage to think differently. We are proud of our heritage yet not constrained by it. We're curious and willing to disrupt ourselves. We expand our horizons and recognise that brilliant ideas and perspectives can come from anywhere. We shape markets in ways that create sustainable value for society and create an impact we're proud of
- **Deliver excellence:** We execute to the highest standards. Good enough isn't good enough – we constantly challenge ourselves to be better. We deliver on our commitments and take ownership of every aspect of our work. We know that financial communities depend on the integrity of our infrastructure and data, and never compromise on stability and resilience

We recognise that changing culture cannot be done by decree and doesn't happen overnight. How we behave every day creates our culture. It will be core to our future and will help us attract and develop the very best talented and inclusive professionals. We'll recognise and reward people for building the organisation based on these cultural traits. To help us achieve this we have set out four ways to signal our intent to ignite change:

- **Incentivising behaviour:** Our new approach to performance enablement has been designed to embody our culture. It rewards not just what you do, but how you do it. We're also designing intended behaviours into other policies, systems and processes
- **Leading by example:** Leaders will be held accountable for modelling the change that we want to create, from building teams with talented and inclusive professionals, to enabling new ways of thinking
- **Getting people involved:** Successful change is created by the people who are living it. We'll engage people across the business in developing a picture of how the culture feels across the business, and in being part of initiatives to shape it
- **Recognition:** We want to recognise the people who create the organisation that we aspire to be. We'll consistently call out the behaviours that tally with our culture

Social continued

OUR CULTURE CONTINUED

In 2019, we developed a Culture Dashboard to measure and assess our culture. The Dashboard provides the Board and Executive Committee with a quantitative way to measure and assess progress over time, using data gathered from our “Have Your Say” employee engagement survey and other sources, which are all continually evaluated to ensure we collect the right data to best understand how our people feel.

The Dashboard focuses on five key areas:

- **Recruitment & On-Boarding:** We recruit individuals with the right skills, behaviours and mindset to support our strategy
- **Performance & Development:** We set individual goals that are aligned with enterprise-wide objectives and supported by a strong organisational learning culture
- **Talent & Mobility:** We identify, nurture and retain talent, promoting internal mobility to support opportunities across the Group
- **Diversity & Inclusion:** We encourage an inclusive environment, where diverse perspectives are welcomed, and all colleagues can be their best selves at work
- **Leavers:** We use the insights from our leavers to improve future recruitment and reduce turnover

The table below shows our performance in 2020 against one of the indicators from each area from the Group Culture Dashboard for LSEG standalone in 2020:

Focus area	Indicator	2020	2019	2018
Recruitment & On-Boarding	% of new joiners who understand LSEG's values	98%	99%	97%
Performance and Development	Hours spent on training	82,993	74,770	63,150
Talent & Mobility	% of roles filled internally	33%	25%	23%
Diversity & Inclusion	% of respondents that agree regardless of background, everyone has an equal opportunity to succeed	68%	N/A	N/A
Leavers	% of leavers that cited work-life balance as primary reason for leaving	3%	7%	5%

In 2020, we changed our survey provider to enable us to strengthen the insights from colleague surveys. As a result, some of the questions we included have changed to enhance our ability to assess performance and create new opportunities for benchmarking our results; this includes the Diversity and Inclusion question previously reported in our culture dashboard, therefore no historic data is available for this question.

ATTRACTING THE BEST TALENT

Develop

Recruitment

Attracting, developing and retaining the right talent required by the Group to meet its business objectives in 2020 has remained a key focus. Greater effort has been dedicated to increasing the diversity of our talent pools in order for us to attract and hire the best talent in the marketplace. Initiatives focused on diversity include hosting a series of global Diversity and Inclusion supplier briefings, a full end to end audit of our recruitment processes, and a market mapping exercise to better understand the diversity of the external talent landscape.

Graduate and Early Careers Programmes

Our Graduate and Early Career Programmes help to fuel our growth and diversification. We have 50 graduates on programmes globally, including our first cohort in Bucharest,

Romania. These graduate classes remain a key source of gender diversity, with 54% female representation in the class of 2020. We have been working to diversify our pipeline further by running events and working with new partners that actively target candidates from Black, Asian and Minority Ethnic backgrounds. For our existing recruitment partners, we mandated they attend a virtual event on the importance of attracting a more diverse candidate pool, and internally we worked with the Centre for Inclusive Leadership to create career workshops on internal mobility.

Our early careers recruitment and programmes have also had to adapt to the new virtual environment, with careers fairs, insight weeks, global graduate onboarding and training all taking place virtually for the first time.

Our planned summer internships became a Virtual Experience Programme with over 50 students from locations across the UK, Italy and the USA taking part and subsequently many received offers to join us on our graduate programmes in 2021. Our Spring Insight Week programme continued in the UK and expanded in 2020 with our first programme in the US in January 2020 that gave an insight into our work in data and technology as well as securing students for our summer internship in 2021.

In addition to our graduate programmes, which provide structured learning and professional development, we continue to develop our wider early careers colleagues. In 2020 we piloted using funding available through the apprenticeship levy in the UK to develop and upskill our junior colleagues in technical areas such as software engineering, data and business analysis.

Social continued

SUPPORTING OUR PEOPLE IN THEIR CAREERS

Develop

Developing our people

Developing our people remains integral to our agenda and 2020 has been no exception. Although Covid-19 has meant that we have not been able to hold face to face training, we successfully transitioned all our planned training to virtual delivery and continued to invest in the development of our colleagues.

We highlighted to colleagues the importance of career development, by running a campaign focused on increasing the visibility of internal opportunities and ensure managers evaluated internal talent to seek to fill roles before relying on external hires. This reduces our reliance on external search firms and helps us to retain our talent. As a result we have seen an increase in filling roles internally to 33% compared to 25% in 2019.

Learning and development

We continue to see high levels of engagement in the online learning that was introduced in 2019. We are one of LinkedIn Learning's top quartile users of content. At the start of the pandemic, we were able to provide support to colleagues quickly using curated LinkedIn Learning content on key topic areas such as transitioning to working remotely and managing resilience. Being online only for most of 2020 did not disrupt our ability to invest in and support the development of colleagues with a total of 82,993 hours spent by colleagues on training.

Mentoring

In 2020 we expanded our virtual 'Mentor Exchange Connect' programme, designed to help connect colleagues across our worldwide business locations and encourage further Group-wide collaboration, launching a fully virtual programme for mentoring in 2020. Over 500 colleagues participated in this programme in 2020, up from 300 in 2019. We also ran a Reverse Mentoring programme which was new for 2020; more information on this initiative can be found in the Diversity and Inclusion section.

Investing in our leaders

We are making progress in developing our culture in how we manage and lead our business. We have supported the development of both leadership and management capabilities and continue to invest in these skills in order to strengthen our succession pipeline and collective Group leadership. We have continued the investment in our senior leadership population with the expansion of the 360° feedback process, launched in 2019 for all Managing Directors, and rolled out to all Directors in 2020. In response to consistent themes that emerged from this process, we created the LEAD2020 programme. The LEAD2020 programme was supported by the Executive Committee and focused on establishing the link between strategy and leadership, the role of leadership in building a collaborative culture, leading change, and included a module dedicated to inclusive leadership.

The investment in our Line Manager capability has continued in 2020 with further rollout of our global management development programme. All line managers in LSEG (outside of the Managing Directors and Director populations) attended the virtual programme during 2020. The programme focused on enhancing managers' ability to coach, develop and delegate effectively.

Engaging our people

Our annual engagement survey enables colleagues to share their views on what it is like to work for LSEG and provides a clear indicator of employee engagement. The overall response rate in 2020 was 77%. The Engagement Index score of 81, up one point from 2019, was driven by the strong levels of pride and commitment to helping the Group succeed¹. Going forward we will be increasing the frequency of the survey to twice a year.

As well as the annual employee engagement survey, feedback comes through: a colleague forum which is led and attended by elected volunteers from the workforce; townhalls and Executive Committee meetings which are open to all employees and held regularly throughout the year; and Employee-Board engagement sessions with colleagues from the UK, US and APAC.

In 2020, we developed and launched a new 'Ways of Working' survey, designed to measure and assess the Group's initial response to remote working during the pandemic. We used the insights to drive actions to further support wellbeing and strengthen manager capability.

500+

Mentoring partnerships supported in 2020

1. "I regularly put in extra effort to help the Group succeed" (89%) and "I am proud to work for the Group" (84%)

Social continued

DIVERSITY AND INCLUSION (D&I)

Diversity and Inclusion (D&I) is critical to LSEG's success. We believe that diversity makes us more dynamic, fosters innovation and boosts performance. Colleagues are recruited and encouraged to develop their careers regardless of age, gender, nationality, culture or personal characteristics. While Diversity and inclusion have always been a priority, events in 2020 refocused our commitment. We continue to work to make further progress in this area as we aim to embrace all aspects of diversity and seek to create an organisation that is truly inclusive and where colleagues feel they can be their true self at work.

The Diversity and Inclusion Committee is now chaired by our Group Head of Data & Analytics. We have seen further growth in our global Inclusion Network (IN), which acts as an umbrella group, representing 18 regional networks within LSEG, including our Black Employee Inspired Network Group (BEING), Multi-Cultural Network, LGBTQ+ Proud Network, Parents and Carers Network, Disability Network (Ability), our Women Inspired Network (WIN), and Veterans Network.

As a global organisation we also recognise that diversity can mean different things across our different locations. While our focus in the past has generally been centred on improving our gender diversity, 2020 has shown us that improving diversity in other ways may require more focus in some locations. Events in the US and UK in 2020 pushed ethnic diversity to the forefront, while in other locations gender diversity remains the priority. Recognising this is crucial to ensure we can respond as necessary in all our global locations.

The first step in improving our diversity at LSEG is to ensure we have the appropriate data to better understand our people. We are making efforts to increase voluntary disclosure across all our locations through engaging leaders and colleagues face-to-face

through leadership forums, our Inclusion Networks, events and encouragement from our Executive Team. In the UK and US the percentage of colleagues who disclosed their ethnicity was 81%, as of 31 December 2020. Amongst our UK and US colleagues, 34% identify as Black, Asian and Minority Ethnic.

We hope to improve our ethnicity disclosure rates in other locations as well as other forms of diversity data throughout 2021 and beyond.

In our efforts to strengthen diversity and inclusion across the Group and in response to the Black Lives Matter movement in 2020, we launched six workstreams which aim to improve our focus on ethnic diversity and make LSEG a more inclusive environment.

- **Culture:** we've taken steps to open up a Group-wide conversation about race and diversity, creating a safe space for our colleagues to share lived experiences. Our Inclusion Networks have helped us to celebrate a number of important events, such as Black History Month, which created opportunities to learn about racial disparities and injustice experienced by members of the Black Community.
- **Wellbeing:** through our partnership with City Mental Health Alliance we've built a support network of over 300 mental health champions. We've worked with the provider of our Employee Assistance programme to ensure all colleagues can access ethnically diverse counsellors.
- **Hiring:** we've onboarded eight new recruitment partners across the UK and the US to help us reach and attract a more diverse pool of candidates. Our partners are working with us to build diverse shortlists for all roles.
- **Training:** we introduced mandatory "Breaking the bias" training across the Group and we've embedded Inclusive Leadership learning in our leadership and management development programmes to better understand and prevent bias in hiring, performance management and promotion.

- **Mentoring:** we launched our Reverse Mentoring programme for our Executive Committee and BEING members, described below.
- **Data:** we have invited colleagues to provide their personal diversity information to help shape the actions we take and track our progress.

These workstreams will create substantive and sustainable change across the Group by ensuring all colleagues understand the importance of an inclusive culture, that our processes are examined and refined to remove any potential bias, and to leverage more diverse candidate pools. We are proud that we have laid some of the foundations to better embrace diversity and strengthen inclusion at LSEG.

We have also made public commitments on race and disability equality through the Race at Work Charter, Sunday Times Open Letter and Valuable 500 initiative.

The BITC Race at Work Charter aims to tackle the barriers that ethnic minority people face in recruitment and career progression. As a result of our commitment to this, we've taken steps to ensure our leaders and managers are equipped to support equality in the workplace. Examples include modules for inclusive leadership and manager training that have been embedded into LEAD 2020 and Manager Excellence programmes. We have also launched a Reverse Mentoring programme for our Executive Committee and BEING members to help our business leaders understand the experiences of Black colleagues. This also gives mentors greater access to senior leadership to raise awareness on issues, share ideas and develop their own network. In 2021 we will expand this programme to include a wider range of Black, Asian and Minority Ethnic colleagues and involve managing directors.



I'm proud that we have laid some of the foundations to better embrace diversity and strengthen inclusion at LSEG."

David Schwimmer
CEO

44%

Female representation
at Board level as
of year end

50%

of our external hires
at senior manager level
in 2020 were female

Social continued

DIVERSITY AND INCLUSION (D&I)
CONTINUED

Signing The Sunday Times Open Letter provides an opportunity to take action on race inclusion. This letter made clear commitments about opening up the conversation about race in the workplace. Our Inclusion Networks have continued to focus on listening sessions to raise awareness on issues affecting Black colleagues, supporting our commitment to a ‘journey of learning’. Our partnership with The Centre for Inclusive Leadership and the work we are doing to develop new Conscious Inclusion learning helps to demonstrate our commitment to creating a safe place to discuss and learn about race in the workplace.

The Valuable 500 is a global movement putting disability on the business leadership agenda. Our leadership-led D&I programmes will focus on developing targeted initiatives to further support colleagues with visible and non-visible differences which will be established through data captured in our D&I data workstream. We also continue to support the Group’s new Ability Network, encouraging membership and allyship.

While these initiatives are creating positive change, feedback obtained from the ‘Have Your Say’ survey and anecdotal comments indicate there is still work to be done in creating a truly inclusive culture at LSEG.

Diversity remains an important factor in our succession planning and other appointments. We have included this consideration when selecting our Executive Committee for the combined group. Further details on the nomination process can be found in our Annual Report.

Gender Diversity

The Group was an early signatory of HM Treasury’s Women in Finance Charter in the UK, and we set ourselves a stretch target of reaching 40% female representation in our senior leadership population by the end of 2020. In 2020 we have reached 37% of senior leadership level female representation across Group, while this is below the 40% target we set, we have made good progress and recognise we have more to do to achieve this target. In terms of female representation at Board level, the Hampton-Alexander report recognised the Group for making significant improvements that have led to women comprising 44% of our Board. In 2020 we have continued to strengthen our leadership and manager capability to ensure all processes consider diversity of thought and inclusive mindsets. We continue to promote initiatives to support and develop diverse talent at LSEG, both through our internal work, with our WIN network, which has continued to expand across our key regions in the year, and working with external partners such as the 30% club cross-company mentoring scheme.

These initiatives have resulted in an increase in the proportion of female candidates hired across the group. In 2020 at senior manager level, 50% of our external hires were female rising from 41% in 2019.

Gender Pay Gap

At LSEG, we conduct equal pay analysis as part of our annual pay review process and are confident that we do not differentiate pay between men and women who perform equivalent roles. We have a Group-wide reward framework, which establishes the compensation structure, elements and leverage for each stage in our career framework. This is used to review any potential gender bias as part of our annual pay review process. However, we acknowledge that we do have a gender pay gap, due to the unequal distribution of men and women across the company.

	2020				2019			
Gender breakdown	Female	%	Male	%	Female	%	Male	%
LSEG plc Board	4	44%	5	56%	4	31%	9	69%
LSEG Subsidiary Board ^{1,3}	28	20%	110	80%	31	19%	132	81%
ExCo and Leadership Teams ^{2,3}	172	37%	298	63%	140	32%	291	68%
All other colleagues	1,750	34%	3,334	66%	1,577	35%	2,957	65%
Total ⁴	1,922	35%	3,632	65%	1,717	35%	3,248	65%

- 1. Mix of employees and Non-Executive Directors
- 2. Executive Committee and Leadership Teams in LSEG
- 3. 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
- 4. Total comprises Executive Committee and Leadership Teams and All other colleagues

Note: Figures as of year ended 31 December 2020

We go beyond UK statutory disclosure requirements to increase transparency, provide a more accurate picture of our gender pay gap and establish a more meaningful baseline against which to track progress. Our 2020 global gender pay gap mean reduced by 2% from 23% in 2019 to 21% and the median remained the same at 10% in 2020. The biggest factor behind our gender pay gap continues to be the fact that there are fewer women in senior positions. We recognise we need to do more to improve in this area and we have continued to focus on talent acquisition and development of female talent, particularly at senior levels, resulting in increased representation at senior leadership level. Our latest gender pay gap report was published in March 2021. This report can be found at:

www.lseg.com/investor-relations/sustainability



We hope our members and the wider LSEG community have enjoyed the social engagements this year, learnt from the experiences shared and have grown in their understanding.”

**Black Employee Inspired
Network Group (BEING)**

Social continued

REWARDING OUR PEOPLE

Develop

1,100

employees benefited
from Sharesave maturities

LSEG's reward strategy focuses both on the short term, through an annual bonus scheme linked to our global performance management approach, and on the medium term through share plans aimed at senior management and the wider workforce. The Long-Term Incentive Plan, details of which can be found on page 111 of our Annual Report, aligns the performance and reward of senior management with the Group's ongoing performance and growth.

In 2020, we operated two employee share ownership plans for permanent employees, split across nine countries. Under Sharesave, eligible colleagues can save up to £500 or equivalent per month, with the option after three years

of using their accumulated savings to buy LSEG shares at a discounted price. SharePurchase allows eligible colleagues to purchase up to £500 of LSEG shares per month and receive an award of additional shares, which vest after completion of a three-year plan cycle.

No SharePurchase cycle has yet completed but, during 2020, more than 1,100 employees across seven countries were able to benefit from Sharesave maturities including share price appreciation of 163%, reflecting the Group's performance over the previous three years. There was also increased take up under both employee share ownership plans, increasing overall participation in 2020 to 61% of eligible employees.

We endeavour to develop a remuneration policy that is aligned with good market practice and corporate governance developments and which continues to promote the long-term success and cultural agenda of the Group. 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. More information on our Remuneration policy can be found on page 103 of our Annual Report.

HEALTH AND SAFETY

Develop

In 2020 the Covid-19 pandemic was a key focus for the health and safety activities of the group. We took a series of steps to ensure our colleagues could work safely from home during the pandemic including provision of training on workstation set-up at home, and the provision of IT/office equipment. We ensured each of our buildings had a Covid-19 risk assessment in place and control measures implemented to ensure Covid-secure workplaces ahead of any return to office. In 2021, we will continue to ensure that the health, safety and wellbeing of our colleagues is at the forefront of our thinking as we plan a phased to return to office when regional restrictions allow.

Our Italian offices successfully completed their ISO 45001 accreditation in 2020. More widely, we undertook a detailed gas analysis against our Group Health and Safety Framework involving all our global offices. Following on from this work we ensured action was taken where necessary to ensure continued compliance with framework requirements, as we look to continually improve performance going forward. Reviews also took place of our contractor management and incident management processes.

As part of the planning for the Refinitiv acquisition a new Group Health, Safety and Environment (HSE) Policy has been approved. In 2021 our focus will be on how we integrate the respective businesses' health, safety and environment management systems across a vastly increased office portfolio, whilst maintaining existing compliance levels. This will encompass not just policies and procedures, but our training, risk assessment, audit and also the IT software systems that support our HSE management.

OUR PEOPLE IN NUMBERS

Develop

On 31 December 2020, the Group employed 5,566 employees, up 12% from the end of the previous reporting period, mainly due to the continued expansion of our Business Service Centres in Romania and Sri Lanka to support our growing global business. While this appears to be a large increase over 2019, actual new hire numbers were relatively flat and the increased headcount is due to the much lower voluntary turnover rate in 2020 due to the Covid-19 pandemic, reducing the usual churn of vacant roles.

Employee-based indicators

	2020	2019	2018
New Hires	1,120	1,194	978
Voluntary Turnover	6.0%	10.5%	11.0%
Permanent Contracts	97%	98%	98%
Fixed-term Contracts	3%	2%	2%

Social continued

SUPPORTING OUR PEOPLE'S WELLBEING

Develop

Wellbeing – LSEG's Wellbeing strategy provides dedicated framework of awareness and support centred around five pillars: Emotional, Physical and Financial Wellbeing, Workplace Choice and Social Purpose. We work with a range of strategic partners who provide advice and help strengthen the framework to ensure we are offering our colleagues the best support, tools and services. Having this framework has allowed us to respond to Covid-19 to truly support colleague wellbeing.

Financial Wellbeing – New Financial Wellbeing workshops delivered to colleagues in the UK, Italy, Sri Lanka, and APAC. In addition to our existing seminars and workshops targeted at different life stages, we have also been working with Wealth at Work who were onboarded as a new supplier to provide sessions and offer a specific Covid-19 Financial Wellbeing workshop. We also have developed and launched a Wealth at Work microsite through our Group intranet services.

Emotional Wellbeing – Emotional Wellbeing continued to be a priority throughout the pandemic, by partnering with City Mental Health Alliance to train more than 340 colleagues to create a virtual network of champions to offer support and signpost information and services. The training was delivered globally, to promote early intervention for colleagues. We promote this community via visual identities attached to colleague signatures and via our intranet. Alongside this training, the Group has provided a webinar series for all colleagues, focused on addressing fatigue, and maintaining connection and positivity throughout uncertainty.

In 2020 we ran the Group's first Global Mental Health Awareness Week which celebrated World Mental Health day, promoting the Lord Mayor's Green ribbon campaign which aims to end the stigma around mental health.

Following on from rolling out the Global Employee Assistance Plan to extend support for all colleagues across the Group, this year we delivered Employee Assistance Programme training sessions to all colleagues to promote how EAP can provide support for them.

Physical Wellbeing – Our Executive Committee members delivered personalised videos to share tips and experiences working from home, as well as conducting virtual 'fireside chats' to share information. Teams also took part in fitness challenges, desk yoga, and virtual quizzes to stay connected beyond regular work meetings.

Social Purpose – We are committed to supporting our local communities and offer several ways for our people to do this, such as offering employees two paid volunteering days each year and running charitable events through the LSEG Foundation.

More information about our work in this area can be found in the Foundation section of this report.

Workplace Choice – We understand that striking the right work-life balance is essential for the wellbeing of our people; and we recognised from the results of our engagement survey in 2019 that this was an area where we needed to do more.

With everyone working remotely we needed to understand how we can provide this support while colleagues continued to work remotely. We published regular Wellbeing articles to support colleagues working remotely, and our Parents and Carers US and UK Network have partnered with Timewise event during 2020 Global Inclusion Week and Mental Health Awareness Week to discuss with parents and carers how they can optimise their time and communicate with Line Managers if they need support.

More information about how we responded to the Covid-19 pandemic can be found on page 4.

340+

Mental Health Champions
trained in 2020

Social continued

LSEG FOUNDATION

Sustain

The LSEG Foundation was established in 2010 to be the single channel for the Group's charitable giving and a focal point for staff engagement with charities. Its core mission is to empower people and enrich communities.

The Foundation focuses on projects that help young and disadvantaged people reach their full potential by developing life skills and business acumen. Additionally, as our global presence grows, we continue to engage and give back to the communities we operate in. Partnering with local charities allows the LSEG Foundation to have a long-lasting impact.

In 2020 we ran the second LSEG Foundation Challenge which saw over 2,100 volunteering hours donated by more than 400 LSEG staff during a five-month period, with Sri Lanka the winning region, receiving an additional grant to support their chosen charity in 2021. Sri Lanka also won the Most Innovative Challenge, running a social media based fundraising activity. We also celebrated the LSEG Foundation's 10th anniversary. Over the past 10 years over £11 million has been donated to support almost 400 charities. To mark the anniversary, we hosted a global week of virtual celebration, in partnership with our regional partner charities and our global partner charity UNICEF.

Partner charities

In 2020 we elected a new partner charity in Malaysia and local partner charities covering APAC regions.

USA

City Harvest, New York City's largest food rescue organisation, helps to feed more than 1.5 million New Yorkers who are struggling to put food on the table. In 2020, a number of colleagues participated in a virtual 5K and 10K race to raise funds. The amount raised was matched by LSEG Foundation. Nearly 1.6 million New Yorkers have lost work and income since Covid-19, and food insecurity is expected to surge nearly 40% in NYC. 2020 also saw the return of the successful fundraiser "Skip Lunch to Fight Hunger"; the amount raised was matched by the LSEG Foundation.

Italy

Associazione CAF Onlus has been our Italy Charity Partner since May 2019. The charity is a leading national non-profit organisation dedicated to helping victims of child abuse and neglect.

In 2020, due to the impact of Covid-19, the activities conducted by the volunteers were managed remotely. Each of the LSEG volunteers was paired up with a child to support with homework and a distant-learning session on video. Volunteers and children shared materials in advance to help organise the session, as well as allowing for moments for a freer exchange of ideas between volunteer and child.

Romania

Ajungern Mari aims to create an educational centre for institutionalised children from Bucharest, a place where they can feel free and supported to develop their skills and discover new ideas for their future.

In 2020, Ajungern Mari created online challenges with children from orphanage houses. They shared the tasks and responsibilities during the workshops with the children, and all of them worked together with the children to encourage and support the team in several learning based activities.

UK

Our UK Charity Partner School-Home Support tackles the issues that prevent disadvantaged children from attending and succeeding at school. Although school closures and the lockdown due to Covid-19 have affected our regular volunteering programme, LSEG staff remain committed to building connections and making a difference to the lives of vulnerable families.

In April, as a response to Covid-19 LSEG launched a digital Financial Literacy for Children Programme to assist with home schooling. The programme included videos created by another charity partner, City Pay It Forward.

Sri Lanka

In 2020, LSEG Sri Lanka provided national-level support during the Covid-19 outbreak to the Sri Lankan Government. The Group's donation contributed towards medical equipment and setting up a Covid-19 Isolation Unit. This provided over 1,850 families with essential supplies.

Malaysia

DASwk is an established and registered non-profit NGO based in Kuching, Sarawak, Malaysia. The charity advocates for children and individuals affected by dyslexia and other learning disabilities through promoting awareness of and intervention programmes on the cause.

The charity committee organised a visit consisting of 11 volunteers to the local charity partner sites. The intention was to familiarise volunteers with the local charity partner's operation situation as well as follow-up on the three-year project with the association.

2,100

Volunteering hours
donated in 2020

Social: progress in 2020 continued

LSEG FOUNDATION CONTINUED

Sustain

Community contributions from the Group in 2020

Based on the London Benchmarking Group (LBG) methodology, we report our donations and other factors that reflect the Group's overall engagement with our communities.

In 2020, the Group made an overall donation to LSEG Foundation of £1,764,000 which is 9% higher than 2019. An additional £3,173,000 was donated directly to charities by the Group, bringing total donations to £4,937,000, significantly higher than 2019 due to our response to Covid-19 (see page 4 for more detail). The 2020 Charity Trading event raised £1,123,000, 59% higher than 2019 over a two-day period (previously this has only been one day). Total grants approved and paid reached £2,003,000.

Principal sources of funding 2020

Employees	Employees make donations and organise fundraising events
Foundation Day	The Group donates the equivalent of all equity trading fees raised on London Stock Exchange, Turquoise and Borsa Italiana during the annual Foundation Day
Corporate	The charitable donations from other companies in the Group contribute to the Foundation's donation pool

LSEG community investment charitable donations	2020 £'000	2019 £'000	2018 £'000
Donations to LSEG Foundation	1,764	1,616	1,254
Donations to charity	3,173	130	207
In-kind donations	0	141	143
Management costs	158	131	194
Total	5,095	2,018	1,798

In 2018, LSEG Foundation Committee set out a list of strategic priorities for 2019-2022, supported by an action plan based on four focus areas: i) Maintain deep alignment with our mission; ii) Encourage colleagues' engagement and enhance a culture of collaboration; iii) Invest in business inclusion and entrepreneur skills; iv) Invest in bringing LSEG philanthropy programme alive. These priorities support and sharpen the overarching LSEG Foundation strategy, set out above.

We also identified a further three elements connected to our community engagement: in-kind donations, free venue hire for charities at our premises in the UK and Italy; management costs, the cost of time of the managers involved in our Board of Trustees; and charity committees across the Group, our Foundation's programme office and the corporate functions that support staff engagement programmes.

In 2019 London Stock Exchange has scaled up its volunteering programme, based on the strategic programme approved in 2018. Based the achievement in 2018 of the initial 2020 15% target in terms of proportion of the employee base involved in volunteering, in 2019 we raised the 2020 target to 25%. In 2020, 650 employees across seven regions, equivalent to 13% of LSEG colleagues, were involved in volunteering activities. We acknowledge this is below our target of 25%. This is largely due to the impact of Covid-19 however, we were able to run a number of virtual volunteering events; for more information see our Foundation initiatives on page 33.




Donations from LSEG Foundation

Total grants approved and paid were over £2,000,000. In addition to the grants to the Group partner charities, this amount includes the small grants disbursed as part of LSEG Matching scheme, which doubles the funds raised by employees through fundraising initiatives, up to £2,000 per year per person (£2,000 in Italy). In 2020, more than £100,000 was raised by our employees and matched by LSEG Foundation.

Impact reporting

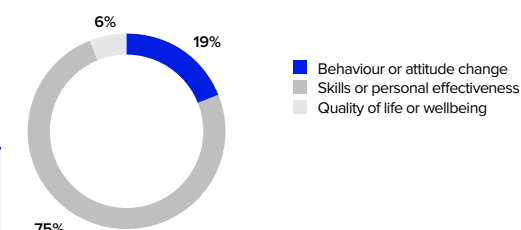
Given the strategic objective of maintaining deep alignment to the mission included in the 2018 strategic review, we've continued measuring the alignment of our grant-making activity with the LSEG Foundation's mission, with particular reference to the one-off donations recommended by the Regional Charity Chairs to LSEG Foundation's Board. In 2020, mission alignment was 94% (+4% versus 2019). The remaining 6% of donation is related to wellbeing (as opposed to life skills and business enterprise) – excluding the one off donation in response to Covid-19.

Based on the LBG Impact reporting framework, we ask charities to report on three types of impact to help aggregation across different project categories.

- 1. Behaviour or attitude change**

 Has the activity helped people make behavioural changes that can improve their life or life chances or has it challenged negative attitudes or preconceptions, enabling them to make wider, different or more informed choices?
- 2. Skills or personal effectiveness**

 Has the activity helped people to develop new, or improve existing, skills to enable them to develop in the workplace, academically or socially?
- 3. Quality of life or wellbeing**

 Has the activity helped people to be healthier, happier or more comfortable (e.g. through improved emotional, social or physical wellbeing)?

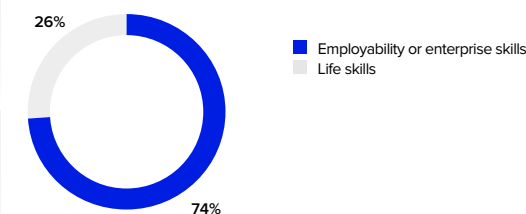
94% of LSEG Foundation grants were directed to projects that are in line with LSEG Foundation's mission, called impact areas: those aimed at behaviour or attitude change, termed "raised aspirations", 19%, or at the development of skills and personal effectiveness, 75%. The small percentage of "Quality of life or wellbeing" donations equivalent (6%) supporting projects in hospitals to give seriously ill children and young people the best chance of a full life.

Impact of LSEG Foundation grant on beneficiaries



Within impact areas 1 and 2 ("Behaviour or attitude change" and "Skills or personal effectiveness"), donations are perfectly aligned with our mission.

Target skills to be developed with our donation



74% of the donations are aimed at increasing the employability of the beneficiaries or at developing financial or business skills, for which the UNICEF Zambia project plays a large role. 26% is focused on developing life skills.

Governance

SUSTAINABILITY GOVERNANCE

Our approach to sustainability is overseen by the LSEG Board. The CEO is responsible for and reports to the Board on sustainability matters, while the COO is responsible for and reports on environmental policy. In 2020, the Board discussed sustainability and environmental matters on two occasions.

Our sustainability strategy is driven by the Group Sustainability Committee, comprised of Executive Committee members and other senior executives that represent a wide cross-section of relevant business areas. Delivery of the sustainability programme is carried out by the Sustainable Business team and our related sustainability initiative teams, such as our global Inclusion Network (IN). These teams also feed back into the Group Sustainability Committee directly to input into the overall approach and direction of our sustainability activities. This process allows us to draw on a wide range of knowledge and experience from across the Group. Delivery during 2020 was overseen by the Group Head of Investor Relations and Group Head of Government Relations and Regulatory Strategy. From 1 February 2021, the Chief Communications and Marketing Officer chairs the Group Sustainability Committee.

Governance



Governance continued

SUSTAINABILITY RISK MANAGEMENT

The Sustainability Committee reports at the executive level on our climate-related and other sustainability risks as well as providing oversight and accountability across all relevant initiatives, and any associated opportunities. With respect to this, it is acknowledged that although climate-related risks have been categorised as an emerging risk in the Principal Risks section of our Annual Report, they are inherently linked to other strategic, financial and operational risks, as well as commercial opportunities. Climate-related risks, and other sustainability related risks and opportunities, are fully embedded within our risk taxonomy and fall within the scope of our Enterprise Risk Management (ERM) framework. To further align with Task Force on Climate-related Financial Disclosures (TCFD) recommendations and prepare for future regulations, we are preparing a new risk taxonomy for 2021 giving climate-related risks greater visibility and facilitating sustainability risk reporting at a more granular level. In addition, Risk Champions have direct access to the Sustainability Risk team and are provided with a dedicated climate and sustainability risks training pack, regularly updated and available within the risk register database for reference and support.

Over the last twelve months LSEG has undergone multiple exercises to define and measure the significance and relevance of climate risks and opportunities to LSEG’s operations and business units. For more details see page 50

Environmental and climate risk

We support consistent global standards and encourage continued alignment between the EU and UK on sustainable finance. We have been members of the EU High Level Expert Group and the Technical Expert Group on Sustainable Finance, and the FCA/PRA Climate Financial Risk Forum.

LSEG is an advocate of the TCFD and supports the development of global disclosure standards. As a signatory to the TCFD since the guidelines were first released in 2017, LSEG annually discloses 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 future and we are committed to continue fully aligning our disclosure with TCFD’s recommendations. LSEG has also been submitting its annual CDP climate disclosure since 2010 and has maintained a rating of A- for the last four years.

In line with increased disclosure requirements for corporations and financial markets participants, LSEG has taken proactive steps to develop its methodology to define and model how climate change impacts its operations and businesses. To further align with the TCFD recommendations, the Group is undertaking scenario analysis over both the medium and longer term (2035 and 2050), and how these may impact operational and market risks. The aim is to reinforce the Group’s resilience to physical risks today and in the future; to address transition risks and opportunities; be prepared for potential future mandatory reporting requirements; and to protect the Group’s reputation. See our TCFD disclosure on pages 56–57 for more detail.

The TCFD classifies climate-related risks into two categories:

- Transition risk** refers to risk related to the transition to a lower-carbon economy, and entails policy, technology, and market changes to address mitigation and adaptation requirements related to climate change. It may impose a financial and reputational impact to companies.
- Physical risk** refers to risk related to the physical impacts of climate change, and includes event driven (acute) or longer-term shifts (chronic) in climate patterns. It may have financial impact for companies, such as direct damage to assets and indirect impacts from supply chain disruption.

High-level introduction to scenario analysis

A thorough understanding of potential physical and transition risks and opportunities will ensure that LSEG makes informed decisions in terms of long-term strategy, business resiliency and risk mitigation in the future. Over the last 12 months LSEG has undergone multiple exercises to define and measure the significance and relevance of climate risks and opportunities to LSEG’s operations and business units. A scenario scoping exercise was conducted to determine the most suitable climate scenarios to apply to our business (see table below and impact pathways for the scenario analysis were developed.

Impact pathways are tools to help corporations understand and establish the causal links between changes in climate and weather patterns, related national and global policies and the impacts on business in terms of costs, revenue and asset values.

Two physical risks and two transition risks scenarios were chosen to project changes in an approximately 2 and 4 degree warming world.

Physical risks

Scenarios and timeframes	~2 degree warming scenario	~4 degree warming scenario
Scenarios for financial impact analysis used	IPCC SSP245	IPCC SSP585
Timeframes considered	2030 & 2050	2030 & 2050

Transition risks and opportunities

Scenarios and timeframes	~2 degree warming scenario	~4 degree warming scenario
Scenarios for financial impact analysis used	IEA Sustainable Development Scenario (SDS)	IEA WEO Stated Policies Scenario (SPS)
Timeframes considered	2025 & 2035	2025 & 2035

Governance continued



Good governance is key to promoting the long-term sustainable success of the company, generating value for shareholders, building and maintaining relationships with stakeholders and contributing to wider society.”

Don Robert
Chair

LSEG is committed to the corporate governance standards set out by the UK Corporate Governance Code, which in 2014 was updated to strengthen the focus on long-term sustainable value creation. For a full description of our corporate governance framework please see the 2020 LSEG Annual Report, while we set out our sustainability governance on page 35 of this report. You may also refer to the GRI Index available at www.lseg.com/investor-relations/sustainability

KEY POLICIES AND COMPLIANCE

Anti-bribery and Corruption

Executive Committee Responsibility, Group CEO

Consistent with LSEG’s strategic risk objective of maintaining stakeholder confidence, we regularly review both the risks associated with our business conduct and our related policies. As a result, LSEG has in place a Code of Conduct, Anti-bribery and Corruption, and conflict of interest policies, approved by the Board.

Financial Crime (including Anti-money Laundering)

Executive Committee Responsibility, Group CEO

This policy outlines the approach and arrangements that LSEG has in place to prevent the occurrence, facilitation or furthering of financial crime. It also sets out LSEG’s approach to compliance with applicable legislation, regulation and guidance. The detection, disruption and deterrence of financial crime is a key objective for many regulators worldwide and continues to be a high priority for governments. Consequently, financial crime poses a continuous reputational, regulatory and legal risk to LSEG. In addition to the reputational and financial loss caused by financial crime, a failure to establish adequate controls to manage our risk and ensure those controls are effective exposes the Group and approved persons to civil and criminal sanctions including heavy fines, restrictions on business activity and loss of relevant regulatory authorisation. LSEG is committed to supporting government, law enforcement and international bodies to combat the use of the financial services sector to facilitate financial crime.

Group Information Security

Executive Committee Responsibility, Group CIO

This policy outlines the Information Security requirements across LSEG. It addresses a number of risks, including: data loss or theft which could result in unauthorised access to systems or company information; the threat of malware; and the loss or unauthorised alteration of company data, including personal and confidential information which could expose LSEG to the risk of non-compliance with legal obligations of confidentiality, data protection and privacy.

Business Continuity Management (BCM)

Executive Committee Responsibility, Group CRO

LSEG is committed to minimising the impact to markets, customers and other stakeholders arising from any event which causes disruption. To achieve this the Group has established BCM as an integral part of its business operations. BCM is a management process that identifies potential threats to an organisation and the impacts to business operations those threats might cause. It provides a framework for building organisational resilience with the capability for an effective response that safeguards the interests of its key stakeholders, reputation, brand and value-creating activities. BCM includes all activities relating to: business recovery planning; IT service continuity planning (including disaster recovery); and crisis management. The purpose of this policy is to ensure that the Group has a feasible, practical, cost-effective and tested Business Continuity Management Framework (BCMF) and that controls exist which ensure that the Group operates within its overall risk appetite.

Cyber Security

Executive Committee Responsibility, Group CIO

Cyber security is a key non-financial sustainability risk in the financial services sector. Our reputation and ability to fulfil our purpose as a critical markets infrastructure provider is dependent on the secure management of data and assets. In order to maintain confidence in our assets, security controls have been implemented to protect the confidentiality, integrity and availability of LSEG and Group company data and systems. Given the increased size and scope of our businesses, we face a wide number of technology risks, such as cyber threats, systems resilience and new technological innovation. The threat of cybercrime and the evolution of the cyber threat landscape requires robust cyber security defences. Long-term unavailability of systems and corruption of data could lead to the loss of client confidence and reputational damage. Security risks have escalated in recent years due to the increasing sophistication of cybercrime. LSEG continues to invest significantly in cybersecurity to protect LSEG, our clients and stakeholders. The Group is reliant upon secure premises to protect its employees and physical assets, as well as appropriate safeguards to ensure uninterrupted operation of its IT systems and infrastructure. Security threats are treated very seriously. The Group has robust physical security arrangements, and extensive IT measures are in place to mitigate technical security risks. The Group is supported by the Centre for the Protection of National Infrastructure (CPNI) in the UK, with both physical and IT security teams monitoring intelligence and liaising closely with police and global government agencies. A third-party security monitoring service is retained to assist with monitoring global physical security events with the potential to impact Group operations.

Governance continued

Compliance training

Given LSEG's role at the heart of capital markets, and the Group's reliance on the analytical skills and decision-making capabilities of its employees, adherence to the highest behavioural standards is key to ensuring the quality of our product and service offering. The principles of the Group's Code of Conduct are embedded into the Group's operations through a series of policies that are enforced through periodic training and auditing. This year, the Group's compliance training programme has included training on the following policies:

In Q2 2020 we changed the platform used to deliver our training courses and as such the below statistics are shown per quarter from Q2 onwards rather than per course as previously reported.

Quarter training released	Training provided	Coverage	Completion
Q1	Business Continuity Management	Italian Staff	98%
	Cyber Security	All Staff	99%
	EU Benchmarking Regulations	All Staff	99%
Q2	LCH Incident Management Procedure	All LCH Staff	93%
	Your Role in avoiding Tax Evasion	All Staff	
Q3	Code of Conduct	All Staff	90%
	Preventing Harassment and Discrimination	All Staff	
	Data Protection (GDPR)	All Staff	89%
	Privileged Access Management	IT Staff	
Q4	Conflicts of Interest	All Staff	98%
	Financial Crime & Anti-money Laundering	New Joiners	
	Preventing Bribery & Corruption	New Joiners	
	Breaking the Bias (formally known as Unconscious Bias)	All Staff	
	Gender Discrimination	Romanian Staff	

Additionally, all new joiners are provided with training on Competition Law, An Introduction to LSEG Policies, Information Security, Privacy & Data Protection and EU Benchmarking throughout the year.

HUMAN RIGHTS

LSEG adheres to the UN Guiding Principles on Business and Human Rights, together with the International Labour Organization Conventions and Recommendations within our working environment in each location where we operate.

The Group strongly supports these conventions which promote freedom of association and equality and abolish forced labour and child labour. Human rights considerations are also included in our Supplier Code of Conduct and Sustainability Policy.

Our updated risk assessment and research in 2020 has again indicated that LSEG operates in an industry where the risk of modern slavery and human trafficking is inherently low. However, we operate as a global business and therefore recognise the risks of partnering with a varied spectrum of global suppliers and of slavery

occurring deeper in those complex supply chains. We also acknowledge that modern slavery is getting more prominent globally given recent events, leading to financial insecurity for many and increased vulnerability. We want to become a market leader in fighting modern slavery, helping to contribute to the UN Sustainable Development Goals target to bring the modern slavery figure close to zero by 2030.

The Group believes we can have a strong impact given the financial sector has unparalleled influence over global business and can invest in and foster the best practices.

The Group has a zero-tolerance approach to modern slavery. Some of our key actions taken in 2020 in order to make advances in tackling modern slavery were:

- Refreshed risk assessment on our current supplier base to identify the highest risk suppliers from a slavery perspective which has confirmed majority of our relevant supplier spend is with suppliers in our lowest slavery risk tier. Our procedures and anti-slavery approaches continue to be appropriate and proportionate
- Increased our acceptance of LSEG's Supplier Code of Conduct across our supplier base
- Engaged our key suppliers and our highest risk suppliers to have an understanding of the governance, processes and where they are further advanced than LSEG to use as an opportunity to progress ourselves in this space

The most recent version of our modern slavery statement can be found at: www.lseg.com/investor-relations/sustainability

Governance continued

ENGAGEMENT WITH STAKEHOLDERS AND SHAREHOLDERS

The Board views clients, regulators and employees as key stakeholders. Here we provide a brief commentary on our engagement with these stakeholders in 2020. More information on our stakeholder engagement can be found in the Annual Report on pages 68–69.

Our Customers

We engage with our customers across our business in a number of different ways. In 2020, some examples are outlined earlier in this report on pages 13–20.

Our Regulators

As a global financial markets infrastructure business, LSEG works across the marketplace with investors, issuer companies, policy makers, regulators, academics and other stakeholders to support global financial stability and sustainable economic growth.

LSEG is committed to using its position at the heart of financial markets to contribute to the development of effective and proportionate sustainable finance policy. LSEG supports issuer companies with ESG reporting tools and access to sustainable capital. We also work with investors to integrate sustainability into the investment process.

The lack of globally comparable and reliable disclosure and taxonomies is a key barrier to effective integration of climate and sustainability risks and opportunities by institutional investors and the transition towards a more sustainable and net zero economy. In order to encourage global coherence, LSEG engages with key policy makers in the UK, EU, North America and Asia Pacific to share our market experience and provide data and support to regional and global policy making.

LSEG's structured engagement in policy making forums includes:

UK Climate Financial Risk Forum

LSEG is a member of the Climate Financial Risk Forum (CFRF), an industry forum jointly convened by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) to build capacity and share best practice. Since its inception in March 2019, the CFRF has published a report with industry best practice on disclosure, scenario analysis, risk management and innovation.

UK Green Finance Institute

LSEG is an active member of the Green Finance Institute. The purpose of the Institute is to bring together the UK's existing capabilities, create new business opportunities and communicate to the wider market what London's offer is in green finance and insurance.

EU Technical Expert Group on Sustainable Finance and EFRAG taskforce on non-financial reporting standards

In July 2018, the European Commission established a Technical Expert Group on sustainable finance (TEG) to assist in the development of a unified classification system for sustainable economic activities, an EU green bond standard, methodologies for low-carbon indices and metrics for climate-related disclosure. LSEG has been a member of the TEG, and contributed to reports in the following areas:

- EU taxonomy – to develop draft technical screening criteria on whether an economic activity is environmentally sustainable;
- EU Green Bond Standard;
- methodologies for EU climate benchmarks and disclosures for benchmarks;
- guidance to improve corporate disclosure of climate-related information.

The TEG has delivered recommendations on these four workstreams.

LSEG is a member of the European Financial Reporting Advisory Group (EFRAG) taskforce on preparatory work for a possible EU non-financial reporting standard, which will publish a report in Q1 2021.

Broader engagement

LSEG regularly engages with policy makers and regulators in key jurisdictions, including HM Treasury, Financial Conduct Authority, Bank of England, European Commission, Council and European Parliament, US Commodity Futures Trading Commission (CFTC), China Securities Regulatory Commission, People's Bank of China, Japan Financial Services Agency and other authorities and international organisations like IOSCO to discuss legislative proposals and contribute to the development of sustainable finance policy. Public policy speakers at LSEG events in 2020 included Martin Spolc and Andrea Beltramello, European Commission; CFTC Commissioner Rostin Behnam; Alok Sharma, UK Business Secretary; and Mark Carney, Advisor to the UK Prime Minister for COP26.

Our Workforce

Employee engagement continues to be of paramount importance to the Group, and we are committed to acting on the results of our regular "Have Your Say" global employee surveys. Details of how we have engaged with our people in the year can be found pages 26–32.

Our Shareholders

The Company maintains an active shareholder engagement programme, managed through the Group's Investor Relations (IR) function. The IR programme provides regular opportunity for the Board to have contact with existing and potential shareholders. In 2020, the IR team held over 700 investor meetings.

Governance continued

TAX TRANSPARENCY

Executive Committee Responsibility

LSEG has refreshed its Global Tax Strategy in light of the closing of the Refinitiv transaction, which has been agreed by the board and will be published on the Groups website.

The refreshed strategy builds upon the Group's tax governance policy and seeks to define enhanced understanding on how we manage tax risks, our attitude to tax planning, tax risk appetite and how we work with tax authorities around the world.

The Global Tax Strategy includes our core principals on which our strategy is based on.

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 24.4%.

The Group continues to monitor the evolving tax landscape and potential developments with US tax reform. While there are no material changes to the underlying tax base or rates for 2021, we note that the recent UK budget announcement indicates the UK corporate tax rate will increase to 25% from April 2023. Accordingly, we have considered the impact of the increased rate on the revaluation of the Group's deferred tax assets and liabilities, which will be required during 2021.

Therefore, considering the mix of profits for the organisation combined with Refinitiv, the Group should expect to record a reported tax rate on an underlying basis of between 22% to 24% for 2021, which forms our best estimate of forward guidance.

The Groups Annual Report provides a reconciliation between the Group's total tax charge of £198 million, which includes both Underlying and Non Underlying items and the theoretical amount of tax if the Group's profit before tax had been taxed solely at the UK rate of 19%. This reconciliation is summarised below:

	2020 £m	2019 £m
Profit before tax	685	651
Profit multiplied by standard rate of corporation tax in the UK	130	124
Expenses not deductible	(15)	18
Overseas earnings taxed at higher rate	70	38
Adjustments in respect of previous years	(2)	(3)
Deferred tax not recognised	10	5
Adjustment arising from changes in tax rates on amortisation of purchased intangible assets	5	4
Taxation	198	186

The Annual Report also discloses the split between the current year corporation tax charge in respect of the UK and Overseas. However, the table below provides further detail, summarising the total underlying tax charge, including prior year adjustments, recorded across our main operating countries.

Country	Profit before tax £m	Tax £m	Effective tax rate
UK	613	(116)	19%
USA	97	(30)	31%
France	93	(30)	32%
Italy	207	(68)	33%
Sri Lanka	9	(2)	20%
ROW	42	(10)	25%
Total	1,061	(257)	24%

Additionally, the Annual Report discloses the Groups total cash contribution for taxation during the year. For 2020 the Group paid £232 million in taxes across its global footprint in respect of corporation tax.

Detailed performance data and reporting disclosures

04

Environment

DATA CENTRES

Achieved:

1%

fewer carbon emissions
per cabinet (vs. 2019)

8%

less water
per cabinet (vs. 2019)

	2020	2019	2018
Total (tCO₂e)^{1, 5, 6, 10}	2,417	2,447	5,654
per occupied cabinet	1.7	1.7	4.0
per £million revenue	1.0	1.1	2.6
Electricity (kWh)	38,995,338	39,399,309	38,314,359
Natural Gas (kWh)	924,396	1,110,729	1,266,356
Diesel (litres)	24,974	29,875	15,944
Fugitives (tonnes) ⁹	0.124	0	0.017
Waste (tonnes)	5.4	14	16
Water (m ³)	37,548	41,051	45,375
per occupied cabinet	26	29	32

1, 5, 6, 9, 10. Footnotes can be found on page 48

Progress in 2020

In 2020 we achieved significant decreases in emissions associated from diesel and natural gas (-18% and -17% respectively). We continued to purchase 100% renewable electricity, therefore reducing the emissions associated with our data centres to only those related to fuels and refrigerants. Electricity consumption decreased by 1% and natural gas consumption decreased by 17% compared to the previous year. The reductions in natural gas consumption are due to reduced need for space heating for employee comfort. Lighting upgrades to more efficient LEDs slowed in 2020 with about half of the wattage saving installed compared to 2019. A larger decrease in diesel would have been observed if it had not been for the UPS (Uninterruptable Power Supply) upgrade programme being undertaken at our primary UK data centre which necessitates the usage of the diesel stand-by generators. Power supply issues were also present in Sri Lanka during June, which required on-site diesel generator use.

What we can improve

A significant increase in Scope 1 emissions was observed in 2020 because of a coolant leak at our primary UK data centre (equivalent to 220 tCO₂e emissions). Data centre energy consumption and related emissions have not been materially impacted by the pandemic, providing comparable performance to 2019. While there is a clear trend in a reduction of water usage per cabinet (-8% compared to 2019), measurement of water efficiencies can be improved to reflect utilisation rather than physical cabinet space. Utilisation across data centres continues to grow, whilst the number of cabinets remains relatively constant.

2021 focus

During 2021, we will begin a programme of consolidation of our European data centres into a new facility and utilise more cloud storage. This should improve efficiencies in our energy consumption, and support reductions in emissions.

Environment continued

OFFICES

Achieved:

19%

reduction in carbon emissions
per FTE (vs.2019)

91%

less water
per FTE (vs.2019)

	2020	2019	2018
Total (tCO₂e)^{1, 5, 6, 10}	2,981	3,407	7,360
per FTE	0.5	0.6	1.4
per £million revenue	1.2	1.5	3.4
Electricity (kWh)	14,775,667	21,557,927	21,794,074
Natural Gas (kWh)	9,893,901	9,823,669	8,669,881
LPG (tonnes)	1.9	9.7	9.5
Diesel (litres)	18,634	89,958	40,218
Fugitives (tonnes) ⁹	0.067	0.087	0.013
Company leased fleet Diesel (litres)	13,115	13,560	20,135
Waste (tonnes)	436	808	857
Water (m ³)	21,533	57,026	48,430
Per FTE	3.7	10.5	9.1

1, 5, 6, 9, 10. Footnotes can be found on page 48

Progress in 2020

Our offices' environmental performance in 2020 has been highly affected by the pandemic, so comparisons to previous years are hard to make. Total emissions reduced by 5% compared to 2019, with most of the reduction explained by reduced diesel consumption. Electricity use across our offices reduced by 31%, and water by 62% compared to 2019, almost all explained by lower office occupancy during national and regional lockdowns. LPG consumption significantly reduced compared to 2019, as this is only used in one of our Sri Lankan office's catering facilities which were closed due to the pandemic for most of 2020.

A range of energy efficiency activities took place during 2020 but the full impact of these initiatives will not be realised until the offices are again fully occupied. The most significant improvement was replacing the HVAC system in the Malabe office with a more energy efficient chiller. LED lighting replacement initiatives have continued in Sri Lanka, Italy and the UK.

During 2020, with the support of our on-site property team, we identified a historic error in reporting of natural gas at our largest Italian office site – the largest single contributor to our Scope 1 emissions. The issue has now been rectified, with the support of the landlord, and we have corrected our disclosure for Scope 1 emissions and consumption for 2019 and 2018 to ensure consistent reporting.

What we can improve

Natural gas usage increased by 1% compared to the previous year, which shows the seasonality of pandemic restrictions as most of our offices using natural gas were at normal occupancy levels during January to early March. It also allowed us to identify where improvements in controls are required, to better adjust our energy consumption to the varying occupancy levels of our offices.

2021 focus

As occupancy in our offices increases with the lifting of restrictions, energy efficiency activities will restart and accurate monitoring of these initiatives will be key to seeing a return on investment. We are planning replacement of refrigerant gases used in some of our existing equipment, with lower global-warming-potential alternatives to ensure these are in keeping with our environmental targets. The integration with Refinitiv will necessitate office consolidation across the combined portfolio. A key focus of this initiative will be environmental performance of our buildings. In our response to the pandemic, we have developed a model to support our new hybrid way of working – either from home, the office, or another location. This model will require a redesign of some of our real estate portfolio and the creation of Activity Based Working environments, and all employees will be affected through greater adoption of home working and desk sharing. The environmental performance impacts of our new ways of working will be important to monitor.

Environment continued

BUSINESS TRAVEL

Achieved:

74%

fewer business
travel emissions (vs. 2019)

	2020	2019	2018
Total (tCO₂e)⁶	4,671	18,221	18,256
per FTE	0.8	3.4	3.5
per £million revenue	1.9	7.9	8.6
Total Air Travel tCO ₂ e ¹²	4,484	17,669	18,227
Total Air Travel (km)	12,433,933	50,295,918	47,527,008
Total Rail Travel tCO ₂ e ¹²	3.1	13	30
Total Rail Travel (km)	369,192	1,254,963	1,277,664
Taxis, Ground Transfers and Hotels tCO ₂ e	184	539	NA ⁴

4, 6, 12. Footnotes can be found on page 48

Progress in 2020

Business travel has been severely limited due to pandemic-related restrictions around the world. Results from 2020 indicate that business travel was broadly similar to 2019 levels for the first two months of the year, before travel restrictions stopped all but a small number of essential trips. Absolute emissions from air travel reduced by 75% compared to 2019, and rail travel showed a similar reduction of 76%. While these restrictions continue into 2021, we expect our options to travel will increase in the latter part of the year. The forced reduction in travel has provided an opportunity to expand our use of digital teams and video conferencing facilities to all staff members and we hope to capitalise on these improvements to help drive down a significant portion of our GHG footprint.

During 2020, we expanded our Scope 3 inventory to include all relevant emission sources in order to prepare our science-based target. This work included improving our disclosures of air and rail travel to include upstream, or Well-To-Tank (WTT), emissions as well as radiative forcing uplift for air travel. We also disclose for the first time emissions related to Hotels, Taxis and Ground Transfers. We will be working to improve the accuracy and coverage of this data during 2021.

What we can improve

Given the huge reduction in travel associated with the pandemic and government restrictions, 2020 and 2021 are likely to be the lowest levels of business travel related emissions as options to travel begin to increase again in the future. The opportunity, and challenge, is to now build on this forced change in behaviour to achieve a step change in the business approach to travel and to embrace the opportunities for virtual meetings, online events, and video conferencing. The main source of emissions are long haul flights, particularly when travelling business class, which are more carbon intensive per kilometre travelled than other haul types. Travel related to integration with Refinitiv is anticipated this year once restrictions are lifted. It will be critical to manage travel carefully during 2021, to keep us on track with our Net Zero Climate Strategy.

2021 focus

As part of our strategy to meet our science-based target, business travel will be the primary means by which emissions reductions can be made against our 2019 baseline year. Business travel will need to reduce by approximately 5% (compared to 2019) every year until 2030, and therefore it is important we carefully manage the return to air travel as restrictions lift during 2021. Business divisions will be responsible for managing employees' use of travel, encouraging reductions in numbers of trips and switching to less carbon intensive means of travel. Our sustainability and travel teams will support this change with analysis and regular reporting.

Environment continued

WASTE

Achieved:

50%

less waste produced
per FTE (vs. 2019)

2%

less waste produced
per FTE (vs. 2019)

	2020	2019	2018
Total waste (tonnes)	442	822	874
per FTE	0.08	0.15	0.16
per £million revenue	0.18	0.36	0.41
Total waste for energy (tonnes)	54.9	538	644
Total waste recycled (tonnes)	70.2	271	228
Landfill avoidance	28.3%	98.5%	99.8%
Total (tCO ₂ e) ⁶	148	18.0	18.5
per FTE	0.025	0.003	0.004
per £million revenue	0.061	0.008	0.009

6. Footnotes can be found on page 48

Progress in 2020

Waste generated from operations reduced by 46% compared to 2019, because of reduced site occupancy during 2020. While waste tonnage reduced, emissions associated with waste increased by 721% compared to 2019 due to significantly more waste being reported as landfill. Early in 2020, we conducted a waste audit including locations where we must extrapolate waste production (due to lack of available data in shared buildings). This confirmed that waste was most likely to be sent to landfill, rather than recycling or energy from waste facilities at these offices. It is important to note that 2019 and 2018 waste emissions have been restated, to avoid double counting (see pages 47–48 for more information).

Recycling waste is closely linked with office occupancy and as such has reduced in line with fewer staff on site. Similarly, food waste is mainly related to our on-site canteens that saw closures for significant portions of the year due to the pandemic.

What we can improve

Waste treatment at our smaller locations, or those where we do not have sufficient data, are harder for us to influence as we typically share the building with other occupants. However, we will be exploring options for where we can get better information from some sites in terms of waste, and ensure recycling is an option for all colleagues globally. This year Defra (our source for waste treatment carbon intensity) significantly increased the GHG emissions associated with landfilled commercial waste (increase of 359%), due to their use of more recent data on the actual composition of landfilled waste in their emission factor calculation. This accuracy improvement provides additional impetus to secure better waste treatment services.

2021 focus

As site occupancy increases, waste from staff needs to be properly sorted. With a projected increase in single use plastics in the short term due to reduced handling and likelihood of spreading infection, our availability of recycling bins and food waste collections will need to be sufficient and it will be important that as much waste as possible is diverted from landfill. Waste disposal infrastructure will be a focus of our waste management efforts during 2021.

Environment continued

METHODOLOGY AND VERIFICATION

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

Our emissions are calculated in alignment with 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 uses an 'Operational Control' boundary for our GHG and environmental reporting. An organisation has operational control if it has, or its subsidiaries have, the full authority to introduce and implement its operating policies. This approach accounts for 100% of emissions from facilities, operations and vehicles (whether leased or owned) over which LSEG has operational control. It excludes client-based workers; home-based workers are now included in our working from home emissions estimate.

LSEG's Scope 1, 2 and 3 emissions disclosed here and in our Annual Report have been externally verified by SGS 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 and the GHG Protocol Corporate Value Chain (Scope 3) Standard. Conduct of the verification met the requirements of ISO 14064-3:2006. Verification statements are available on our website.

The tables and charts included summarise our relevant environmental disclosure based on Streamlined Energy and Carbon Reporting (SECR), CDP, GRI and FTSE Russell ESG indicators. Supporting the call for more effective climate-related financial disclosures to inform longer-term investment decision, in June 2017 LSEG signed a statement of support for the recommendations of the TCFD framework established by the Financial Stability Board. Our TCFD disclosures can be found on pages 56–57 of this report.

		2020	2019 ¹¹	2018 ¹¹	% Change
Total	Energy Consumption (kWh)	66,910,236	75,667,753	73,767,993	-12%
UK	Energy Consumption (kWh)	42,132,213	45,548,356	45,772,365	-8%
	Scope 1	640	518	399	24%
	Scope 2 – Market Based	0	0	1,831	0%
	Scope 2 – Location Based	9,466	11,166	12,440	-15%
Europe	Energy Consumption (kWh)	19,765,509	21,481,944	19,523,202	-8%
	Scope 1	1,964	1,922	1,713	2%
	Scope 2 – Market Based	0	0	1,849	0%
	Scope 2 – Location Based	2,756	3,529	3,276	-22%
Americas	Energy Consumption (kWh)	1,683,485	2,690,579	2,919,307	-37%
	Scope 1	14	22	21	-35%
	Scope 2 – Market Based	0	0	777	0%
	Scope 2 – Location Based	359	645	777	-44%
APAC	Energy Consumption (kWh)	3,329,029	5,946,875	5,553,119	-44%
	Scope 1	52	271	138	-81%
	Scope 2 – Market Based	0	0	2,675	0%
	Scope 2 – Location Based	1,699	2,710	2,675	-37%

Table 1 – LSEG UK energy consumption and emissions^{13, 14} compared to rest of Group

11. 13, 14. Footnotes can be found on page 48

Environment continued

METHODOLOGY AND VERIFICATION CONTINUED

Table 2 – Restatement of emissions and activity data that have been changed in 2020 vs. 2019 Sustainability Report disclosures.

Table	Metric	Rebased numbers		Reported numbers		+/-2019	+/-2018	Comment
		2019	2018	2019	2018			
Overall Performance	Total (tCO ₂ e) ^{1, 5, 6, 8, 10}	150,983	31,492	10,604	17,864	1324%	76%	Inclusion of radiative forcing uplift for Air Travel, accuracy improvements to business travel, emission factor change for waste to avoid double-counting error correction for Scope 1 emissions. 2019 only expansion of Scope 3 to all relevant emission sources.
	per FTE	27.8	6.1	2	3.4	1290%	79%	
	per £million revenue	65.3	14.8	4.6	8.4	1320%	76%	
	Scope 2 ⁹	2,734	2,271	1,816	1,414	51%	61%	Natural Gas reporting error identified and fixed during 2020.
	Scope 3 ⁴	148,249	22,089	8,788	9,319	1587%	137%	Inclusion of radiative forcing uplift for Air Travel, accuracy improvements to business travel, emission factor change for waste to avoid double-counting. 2019 only, expansion of Scope 3 to all relevant emission sources.
	Purchased goods and services	123,224	NA	NA	NA			Not reported until 2020.
	Fuel and energy-related activities	3,230	3,778	NA	NA			Only Purchased Electricity T&D reported previously, included in Total Scope 3 emissions.
	Waste generated	18	19	302	234	-94%	-92%	Emission factor for Waste changed to use only Waste Disposal, not Material Use, in order to avoid double counting.
	Water	36	35	NA	NA			Not reported as Group total until 2020.
	Business travel	18,221	18,257	8,013	8,522	127%	114%	Inclusion of radiative forcing uplift for Air Travel, accuracy improvements to business travel. In addition expansion to include Hotels, Taxis and Ground Transfers in 2020.
	Employee commuting	3,440	NA	NA	NA			Not reported until 2020.
	Home working	NA	NA	NA	NA			Not reported until 2020.
	Upstream leased assets	80	NA	NA	NA			Not reported until 2020.
Data Centres	Total (tCO ₂ e) ^{1, 5, 6, 8, 10}	2,447	5,654	282	3395	768%	67%	Inclusion of fugitive emissions in Data Centre/Office sub-reports as of 2020. Inclusion of Scope 3 Fuel and Energy Related emissions. Inclusion of waste and water tCO ₂ e in sub-report total.
	per occupied cabinet	1.7	4	0.2	2.39	750%	67%	
	per £million revenue	1.1	2.6	0.1	1.6	1000%	63%	
	Fugitives (tonnes) ⁹	0	0	NA	NA			Inclusion of fugitive emissions in Data Centre/Office sub-reports as of 2020.
	Waste (tonnes)	14	16	NA	NA			Inclusion of waste in Data Centre/Office sub-reports as of 2020.
Offices	Total (tCO ₂ e) ^{1, 5, 6, 8, 10}	3,407	7,360	1,337	5,559	155%	32%	Inclusion of fugitive emissions in Data Centre/Office sub-reports as of 2020. Inclusion of Scope 3 Fuel and Energy Related emissions. Inclusion of waste and water tCO ₂ e in sub-report total. Natural Gas reporting error identified and fixed during 2020.
	per FTE	0.6	1.4	0.3	1.1	100%	27%	
	per £million revenue	1.5	3.4	0.6	2.6	150%	31%	
	Natural Gas (kWh)	9,823,669	8,669,881	5,315,666	4,428,881	85%	96%	Natural Gas reporting error identified and fixed during 2020.

1, 2, 4, 5, 6, 8, 9, 10. Footnotes can be found on page 48

Environment continued

METHODOLOGY AND VERIFICATION CONTINUED

Table 2 continued – Restatement of emissions and activity data that have been changed in 2020 v.s. 2019 Sustainability Report disclosures.

Table	Metric	Rebased numbers		Reported numbers		+/-2019	+/-2018	Comment
		2019	2018	2019	2018			
Offices continued	Fugitives (tonnes) ⁹	0.087	0.013	NA	NA			Inclusion of fugitive emissions in Data Centre/Office sub-reports as of 2020.
	Company leased fleet Diesel (litres)	13,560	20,135	NA	NA			Reported as TCO ₂ e in 2019.
	Waste (tonnes)	808	857	NA	NA			Inclusion of waste in Data Centre/Office sub-reports as of 2020.
Travel	Total (tCO ₂ e) ⁶	18,221	18,256	8,013	8,522	127%	114%	Inclusion of radiative forcing uplift for Air Travel, accuracy improvements to business travel. In addition expansion to include Hotels, Taxis and Ground Transfers in 2019.
	per FTE	3.4	3.5	1.5	1.6	127%	119%	
	per £million revenue	7.9	8.6	3.5	4	126%	115%	
	Total Air Travel tCO ₂ e ¹²	17,669	18,227	8,002	8,497	121%	115%	Inclusion of radiative forcing uplift for Air Travel, accuracy improvements to business travel. Inclusion of upstream Well-To-Tank emissions for Air Travel.
	Total Air Travel (km)	50,295,918	47,527,008	50,298,670	47,353,780	0%	0%	Air Travel journeys reporting error identified and fixed during 2020.
	Total Rail Travel tCO ₂ e ¹²	13	30	11	25	18%	20%	Inclusion of upstream Well-To-Tank emissions for Rail Travel.
	Total Rail Travel (km)	1,254,963	1,277,664	1,443,758	1,410,599	-13%	-9%	Rail Travel journeys reporting error identified and fixed during 2020.
	Taxis, Ground Transfers and Hotels tCO ₂ e	539	NA	NA	NA			Not reported until 2020.
Waste	Total (tCO ₂ e) ⁶	18	18.5	302	234	-94%	-92%	Use waste disposal emission factor only (removal of material use) for waste reporting, as material use counted within Purchased Goods and Services as of 2020.
	per FTE	0.003	0.004	0.06	0.04	-95%	-90%	
	per £million revenue	0.008	0.009	0.13	0.11	-94%	-92%	

Table 2 – Restatement of emissions and activity data that have been changed in 2020 (because of inventory rebase) versus 2019 Sustainability Report disclosures

- All Group totals and electricity breakdowns use market-based Scope 2 emissions factors, unless otherwise stated.
- Scope 1 Emissions Combustion of fuel and operation of facilities – includes Natural Gas, Diesel, LPG, Fugitive Emissions and Fleet Vehicles.
- Scope 2 Emissions Purchase of electricity by the Group for its own use (the Group does not purchase heat, steam or cooling). Market-based emissions use supplier-based emission factors and energy attribute certificates for where 100% renewable supplier tariffs are not in place. Residual mix factors are excluded due to the entire group electricity consumption being covered by 100% renewable tariffs or energy attribute certificates.
- 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 asset. Emissions from Purchased goods and services, Taxis, Hotels and Ground transfers, Employee Commuting and Upstream leased assets have only been calculated as of 2019. Homeworking was calculated for the first time during 2020, as a result of the Covid-19 pandemic.
- Group Carbon Footprint includes tenant consumption. Detailed Office and Data Centre subsections exclude tenants.
- 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. Local 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 index pricing 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).

- 69% of our total electricity consumption is via 100% direct renewable supplier tariffs. 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.
- Total estimated or extrapolated activity data 5.1%.
- Only four sites are able to provide Fugitive emissions data from suppliers. All other sites excluded.
- Office and Data Centre Total CO₂e includes Scope 1, 2 and Scope 3 property related emissions (waste, water and fuel-and-energy-related).
- 2019 and 2018 total carbon emissions (and associated intensity metrics) have been updated to reflect changes made to our methodology in reporting air and rail travel emissions during 2020 (inclusion of radiative forcing and upstream well-to-tank (WTT) emissions, as well as improvements in accuracy in seat class information). We have also corrected our waste emission factors to report only waste disposal emissions. Procurement of goods is covered by Scope 3 Category 1 Purchased Goods and Services.

- Air travel and Rail travel emissions (CO₂e) now include radiative forcing uplift and upstream well-to-tank (WTT) emissions. This has been applied consistently from 2018 to 2020.
- Electricity, Natural Gas, Diesel, LPG, and Fleet Vehicle fuel have each been converted from their respective units to MWh 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.
- 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
- Science-based carbon reduction target applies to Scope 1, Scope 2 and Scope 3 Business Travel (inc Business Travel upstream well-to-tank emissions) emissions only. Our Supplier engagement target addresses 57% of our total Scope 3 emissions, stating our commitment that 66% of our suppliers by emissions set a science-based target by 2025.

Social

2020 Group statistics ^{1,2}							
Disclosure	Indicator	2020	%	2019	%	2018	%
Employment by region	United Kingdom	1,962	35	1,705	34	1,666	36
	Sri Lanka	1,319	24	1,127	22	1,001	22
	Italy	698	13	683	14	669	15
	United States of America	699	13	676	13	667	15
	Malaysia	191	3	199	4	189	4
	Romania ³	271	5	193	4	68	1
	France	210	4	192	4	167	4
	Taiwan	90	2	80	2	30	0
	Other	126	2	126	3	130	3
	Total	5,566	100	4,981	100	4,587	100
By contract type	Full Time	5,354	96	4,810	97	4,397	96
	Part Time	56	1	64	1	78	2
	Fixed Term	156	3	107	2	112	2
	Total	5,566	100	4,981	100	4,587	100
Health and safety ⁹	Employees covered by collective bargaining agreements	16%		18%		18%	
	Staff voluntary turnover	6.0%		10.5%		11.0%	
	Number of health and safety incidents	1		0		0	
Training and education	Employees receiving regular performance and career development reviews	100%		100%		100%	
	Total hours spent on employee development training	82,993		74,770		63,150	
Labour standards	Number of incidents of labour standards non-compliance	0		0		0	
Disclosure	Indicator	2020 %		2019 %		2018 %	
Diversity and equal opportunity ¹⁰		Female	Male	Female	Male	Female	Male
	United Kingdom	33	67	33	67	33	67
	Sri Lanka	30	70	29	71	28	72
	Italy	35	64	36	64	36	64
	United States of America	34	66	33	67	35	65
	Malaysia	68	33	66	34	65	35
	Romania ³	33	67	33	67	29	71
	France	34	61	34	58	39	61
	Taiwan	52	48	53	47	43	57
	Other	45	55	44	66	41	59
	Total	35	65	35	65	34	66
Disclosure	Indicator	2020		2019		2018	
Group by gender and organisational level		Female	Male	Female	Male	Female	Male
	LSEG plc Board	4	5	4	9	3	10
	LSEG Subsidiary Boards ^{4,6}	28	110	31	132	22	116
	Executive Committee and Leadership Teams ^{5,6}	172	298	140	219	134	295
	All other colleagues	1,750	3,334	1,577	2,957	1,453	2,723
	Total⁷	1,922	3,632	1,717	3,248	1,569	3,018
Disclosure	Indicator ⁹	2020	%	2019	%	2018	%
Employees by age group	Under 30 years	1,397	25	1,291	26	1,361	30
	30 – 50 years	3,340	60	2,983	60	2,641	57
	Over 50 years	827	15	707	14	585	13
	Total	5,566		4,981		4,587	
Non-discrimination	Nationalities represented in the Group ⁸	84		81		80	
	Total number of incidents of discrimination and actions taken	0		0		0	

1. Figures as of year-end 31 December 2020

2. Due to rounding, some totals may not correspond with the sum of the separate figures

3. LSEG office in Romania opened in 2018

4. Mix of employees and Non-Executive Directors

5. Executive Committee and Leadership Teams in LSEG

6. The LSEG Subsidiary Board members and the Executive Committee and Leadership Teams together comprise the 'Senior Managers' for the purposes of section 414C (8)(ii) of the Companies Act 2006

7. Total comprises Executive Committee and Leadership Teams and All other colleagues

8. Not a required disclosure

9. 100% of total LSEG workforce is represented in formal joint management worker health and safety committees

10. Figures may not total 100% due to individuals who have chosen not to disclose this information

Governance

SUSTAINABILITY RISK

Findings of Scenario Analysis and Heatmap Exercise

Following the selection of the four scenarios, (see page 36), a key risks and opportunities heatmap was developed using qualitative data from the business.

The heatmap was quantitatively validated through the use of publicly available data aligned with scenarios and timeframes selected, highlighting key risks and opportunities across multiple LSEG geographies and business units:

Physical Risks to Operations – the greatest changes to physical risk for LSEG’s operations as of 2020 are in the UK, Italy, Malaysia and Sri Lanka driven by a high value at risk (exposure) and in Malaysia and Sri Lanka driven by a greater change in the physical risk of extreme weather events.

Transition Risks to Operations – The greatest risk to operations is assessed to be within the UK and Italy. This is driven by a risk of more stringent policies such as carbon prices being introduced across the world with the transition to net zero. However, given that LSEG’s emissions are relatively small, this will have less of an impact on LSEG operations relative to potential impacts in other areas of the business.

The physical and transition risks to our Operations will change over time as LSEG’s property portfolio evolves.

Transition Risks to Business Units – Capital markets and Information Services were assessed to be the two most exposed business units to climate risk which are strongly driven by the policy & legal and reputational risk factors.

Transition Opportunities to Business Units – A very clear picture emerged from this assessment, with information services clearly experiencing the greatest opportunity closely followed by capital markets.

Findings of Quantification Modelling Exercise:

Building on the Climate risk scenario analysis and heatmap validation work, the Group developed preliminary quantification models to facilitate the risk assessment of climate-related risks. The two models developed cover Physical Risks for Operations and Transition Risks for one of the Group’s business units. The Operations model has focused on three main pathways:

- the impact of climate events on our operations and resultant foregone revenue,
- the business disruption and repair costs for uninsurable buildings and equipment,
- the rising insurance costs

The associated preliminary output of the quantification of the financial risk for our Operations ranges between the probable values of £395,000 and £690,000 of likelihood-weighted annual costs over the next 10 to 30 years.

We will use and further expand the new Climate Change Physical Risk quantification model to inform Operations’ future strategic decisions and footprint planification. Further, we plan to build on the Climate Change Transition Risk quantification model and apply it to other Business Units as well as to the overall Group.

Social and Governance risks

Cultivating a diverse talent pool and an inclusive culture is a key focus for the Group to ensure we reflect the societies we serve. Further, ensuring the health and safety of staff during the existing global Covid-19 pandemic has been a key priority over the past 12 months with Business Continuity measures in place across all offices. The Group has mobilised greater resources to support the wellbeing of staff with new developments including the creation of Mental Health Champions across the Group and additional engagement surveys on the new “Ways of Working”. Further details can be found in LSEG’s Annual Report

under HR Risks. Last, Cyber is another sustainability risk we continuously consider as a Group, especially from a governance perspective, and is fully documented under the Principal Risk section of our Annual Report.

Significance and relevance of climate-impact



Risk/ Opportunity area	Risk/Opportunity sub areas	Operations	Business Functions			
			Information services	Post Trade services LCH	Capital markets	Technology services
Transition	Policy and legal risk	M 1	M	L	H 5	L
	Market and economy risk	VL	M 3	L	M 3	L
	Technology risk	M 1	L	L	L	L
	Reputational risk	VL	M 6	M 6	M 6	M 6
Physical	Acute physical risk	H 2	VL	L	VL	VL
	Chronic physical risk	M 2	VL	L	VL	VL
Opportunity	Resource efficiency	M	VL	L	VL	VL
	Energy efficiency	M	VL	L	VL	VL
	Product and service efficiency	No	H 4	L	H 4	L
	Market opportunity	No	L	L	M 7	L

- 1 Medium transition risk to the operations of the business with stronger carbon regulations and greater technology risk such as energy efficiency measures.

2 Physical risk is most material at an operational level but will have knock-on impacts for each of the business functions.
- 3 Medium market risks to capital markets and information services given trends towards a greater climate focused risk or investors switching benchmark if LSEG doesn't have the capability or ambition to include a climate aspect on the benchmark.
- 4 The most material opportunities exist within information services where there are opportunities to develop low carbon indexes and capital markets business units where there are opportunities to promote green products.
- 5 High regulatory risk to capital markets as greater disclose requirements may discourage companies from listing altogether.

6 Reputational risk is relevant at a Group level and therefore impacts all business units.

7 Market opportunities to capitalise on new structure of business within the economy.

Governance continued

UN SSE: COMMUNICATION TO STAKEHOLDERS

Having joined the UN-backed Sustainable Stock Exchanges (SSE) in 2014, LSEG has committed to reporting to the SSE stakeholders on an annual basis. The report provided below is in line with the template and structure developed by the SSE. This is LSEG's sixth report on progress.

BUSINESS STRATEGY

1. How does your exchange define and view the rationale for corporate sustainability and the exchange's role in promoting it?	Our CEO's message, sustainability strategy and Materiality review on pages 3,5 and 9 respectively, demonstrates our rationale for corporate sustainability and our role in promoting it.
2. How does your exchange's senior leadership and organisational structure support the promotion of corporate sustainability in its market(s)?	Our sustainability strategy is developed and reviewed by our Executive Committee and Board respectively, while our organisational structure is set out on page 35. We support the promotion of sustainability across capital markets globally, see pages 13–20.
3. What goals/objectives does your exchange have in regards to advancing sustainability in your market?	The impact areas of our sustainability strategy that are more relevant here are Disclose, Convene, Grow and Transition – please see Our supporting and enabling positive change section for more details (see pages 13–20). We set out our specific objectives for 2021 in our Looking ahead section on page 7.

TRANSPARENCY AND ISSUER REPORTING

4. Describe your exchange's approach to promoting sustainability disclosure by companies.	<p>We encourage best practice disclosure in three ways. Firstly, during 2016 we developed guidance on ESG disclosure for issuers of all sizes across the UK and Italy, which was first launched in February 2017 and whose latest edition can be accessed at www.lseg.com/esg. Secondly, FTSE Russell's ESG assessment methodology Reinforced the leading global ESG reporting standards including GRI, SASB and CDP. In 2019, London Stock Exchange Group launched the ESG disclosure score for its London-listed companies (see page 17). Thirdly, we promote issuer-investor dialogue on ESG issues through capital markets events.</p> <p>In July 2020 Borsa Italiana held its fourth Sustainability Day – this year a virtual Sustainability Week, due to the Covid-19 pandemic – to encourage investor-issuer dialogue on ESG issues. More than 600 one-to-one meetings took place (see page 17). In 2017, the CEOs of LSEG, London Stock Exchange, Borsa Italiana and FTSE Russell signed the letter of support for the final recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). In 2020, London Stock Exchange Group – in collaboration with the Sustainable Stock Exchanges Initiative and the former Governor of the Bank of England and now UN Climate Envoy Mark Carney – convened an advisory group to develop model guidance for stock exchanges on climate-related disclosures, to be launched in 2021 ahead of COP26 (see page 17).</p>
5. What is your exchange's process for reviewing listing standards in general? Are there opportunities for stakeholders to comment during the process?	The UKLA is responsible for listing standards in the UK, not the London Stock Exchange. Borsa Italiana is responsible for setting and reviewing the listing standards as set in the Rules of the Markets, organised and managed by Borsa Italiana. Any modification to the Rules is subject to two main approvals: Borsa Italiana's Board of Directors' and the Italian financial markets supervisory authority's approval. Borsa Italiana stakeholders can comment on the process of amending the listing standards, both the Rules of the Markets and their implementing Instructions. For example, as part of its preparation of the modifications, Borsa Italiana shall consult relevant stakeholders, such as the industry associations of issuers and intermediaries, in order to incorporate their comments and suggestions.
6. How do you track sustainability reporting of your listed companies?	Starting from 2019, the main tool to track sustainability reporting will be the ESG disclosure score based on FTSE Russell ESG assessment methodology. The ESG disclosure score was awarded to London listed companies in October 2019 (see page 17). The 2020 report on the ESG disclosure score of LSE listed companies was published in November (see page 17).

Governance continued

TRANSPARENCY AND ISSUER REPORTING CONTINUED

7. What incentives (i.e. public recognition/awards) and sanctions do you have in place to encourage disclosure and discourage non-compliance/lower levels of transparency?	<p>FTSE Russell assesses ESG and green revenues disclosure and performance of companies globally and provides this analysis to investors around the world. This data is also used to construct the FTSE ESG Index Series, which highlight companies that meet good practice standards, and the Environmental Markets and Green Revenues Index Series. FTSE Russell also works with other exchanges across the world.</p> <p>More information can be found on pages 18–19.</p>
8. What connections have you made between national sustainable development frameworks and goals, and your exchange's existing Standard and norms?	<p>LSEG ESG reporting guidance builds on national disclosure standards and norms across the UK and Italy. The EU Non-Financial Reporting Directive was transposed in the UK and Italy during 2016, mandating public interest companies with more than 500 employees to disclose environmental, social, diversity, human rights and anti-bribery and corruption information. The guidance also builds on the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures and the Sustainable Development Goals (SDGs). In 2018, Borsa Italiana joined the Technical Expert Group on Sustainable Finance set up by the European Commission to provide advice on a number of initiatives included in the EU Action Plan on Financing Sustainable Growth. In particular, Borsa Italiana has been involved in the activities of the TEG sub-group focusing on climate-related disclosures, tasked with incorporating the TCFD recommendations into the Non-Binding Guidelines complementing the Non-Financial Reporting Directive, and the sub-group focused on the EU Classification System for sustainable activities (EU Taxonomy). London Stock Exchange Group in 2020 was a member of the FCA/PRA Climate Risk Forum, which published four reports on the integration of climate considerations in the financial sector.</p> <p>In December 2020, the FCA announced that climate-related disclosures will be mandatory for certain listed companies from 2021, with gradual extension to all listed companies over time.</p>

ISSUER CAPACITY BUILDING

9. If your exchange offers sustainability guidance for companies, please provide a description of the process for its creation.	<p>LSEG involved market participants in the creation of its ESG Guidance for issuers through investor and issuer workshops organised in the UK and Italy, and consulted other stakeholders (standard setters and responsible investment NGOs) before finalising the guidance. In 2019, London Stock Exchange held a consultation on the evolution of its Sustainable Debt Markets.</p>
10. Do you and/or your regulator provide guidance on externally assuring ESG disclosures? In your market, how common is external assurance of ESG disclosures?	<p>Assurance of ESG disclosure is mandated in Italy and the UK as part of the implementation of the EU Non-Financial Reporting directive.</p> <p>LSEG ESG guidance recommends enhancing the credibility of ESG information through internal and or external assurance (see "Investment Grade Data" chapter of the guidance).</p>

Governance continued

COLLABORATION AND ENGAGEMENT

11. Who does your exchange view as its key stakeholders and how does it engage and collaborate (or plan to do so) with these and potentially other stakeholders?

We do this in a range of ways including:

- we partner with a large number of peer exchanges around the world and in some cases this explicitly covers ESG and ESG indices
- we respond to regulator consultations and have responded positively to consultations regarding issuer non-financial disclosure in the past
- we host events for issuers and ESG related initiatives, and LSEG in 2020 was involved in the PRA/FCA Climate Financial Risk Forum (see page 39)
- through FTSE Russell we are involved in a large number of investor ESG collaborative bodies and initiatives including the UN backed PRI, UK SIF, US SIF, Forum per la Finanza Sostenibile (ITA SIF) Euro SIF, Japan SIF, RIA Canada and RIAA
- through our involvement with the SSE initiative and the World Federation of Exchanges, in 2020, LSEG was part of the Advisory Group that developed guidance on the development of ESG derivatives, and convened a UN SSE Advisory Group on climate-related disclosures (see above and page 39)
- we are working in a range of ways to support the growth and development of green finance: London Stock Exchange Group and Borsa Italiana are partners of the Climate Bonds Initiative, and London Stock Exchange in 2019 joined ICMA's Green Bond Principles and Social Bond Principles Advisory Council
- in 2020 Borsa Italiana was a member of the EFRAG project task force tasked with providing the European Commission with technical advice on the creation of an EU non-financial reporting standard

SUSTAINABLE PRODUCTS

12. How has your exchange supported the development of financial products that address sustainability-related issues (e.g. ESG Indices, carbon markets, social/environmental bonds, sustainable development funds, etc)?

LSEG's Global Sustainable Investment Centre aims to promote green and sustainable capital raising and deep integration of ESG consideration in the investment process across asset classes. The product portfolio includes green bonds in different currencies, renewable infrastructure funds, cleantech companies, green ETFs, ESG indexes and analytics, FTSE Russell's Green Revenues and analytics, and supporting tools such as LSEG ESG guidance. In 2020, London Stock Exchange's Green Economy Mark, recognising issuers with more than 50% of their revenues deriving from the green economy as defined based on FTSE Russell Green Revenue data model (see page. 15), was awarded to 92 companies.

EXCHANGE NEEDS

13. Are there any specific resources that you would like from the SSE or other relevant groups to help you in your sustainability work?

The agenda of the SSE has already moved beyond disclosure, also addressing green finance and the role of regulators. The next step could be to carry out work on SDG8 regarding decent work and growth, which is one of the key SDGs identified by the SSE as relevant to exchanges.

14. Are there any specific requests you have of investors, issuers and regulators in terms of their role in advancing sustainability in the market?

LSEG looks forward to continuing collaboration with investors, issuers and regulators on the sustainable investment agenda. It is key to the continued success of ESG disclosure that issuers perceive how investors are shifting capital allocations in response to ESG and low-carbon economy considerations. Therefore we'll keep placing emphasis on the importance of investor-issuer dialogue on ESG issues, as a complement to high-quality ESG data flows. LSEG welcomes the recommendations of the Financial Stability Board Task Force on Climate-related Financial Disclosures as a key development in the trend.

Governance continued

FTSE RUSSELL QUANTITATIVE ESG DATA POINTS AS REFERENCED IN THE LSEG ESG REPORTING GUIDANCE

Indicator	Indicator sub code	Indicator description wording	2020	2019	2018
Environmental	ECC14	Total Operations GHG emissions data (Scope 1 & 2) is disclosed	2,670 tCO ₂ e	2,734 tCO ₂ e	9,403 tCO ₂ e
	ECC15	Total energy consumption data is disclosed	66,910 MWh	75,668 MWh	73,768 MWh
	ERP18	Disclosure of NOX emissions (tonnes)	Not significant	Not significant	Not significant
	EPR19	Disclosure of SOX emissions (tonnes)	Not significant	Not significant	Not significant
	EPR21	Disclosure of volatile organic compounds (VOC) emissions (kilograms)	Not significant	Not significant	Not significant
	EPR24	Disclosure of hazardous waste generation (tonnes)	Not significant	Not significant	Not significant
	EPR25	Disclosure of non-recycled waste generation (tonnes)	371 tonnes	551 tonnes	646 tonnes
	EPR26	Disclosure of waste recycled (tonnes)	70 tonnes	271 tonnes	228 tonnes
	EPR27	Total costs of environmental fines and penalties during financial year	0	0	0
	EPR28	Percentage of sites covered by recognised environmental management systems such as ISO 14001 or EMAS	47%	47%	47%
	ESC30	Total GHG emissions data on properties disclosed	5,503 tCO ₂ e	6,014 tCO ₂ e	13,234 tCO ₂ e
	ESC31	Total energy usage data on properties disclosed	66,910 MWh	75,668 MWh	73,768 MWh
	ESC32	Total water usage data from property portfolio disclosed	62,856 m ³	103,970 m ³	101,478 m ³
	EWT11	Total water use/water extraction data is disclosed	62,856 m ³	103,970 m ³	101,478 m ³
	EWT12	Percentage of water recycled (non-potable) for use in own operations	Not significant	Not significant	Not significant
Governance	GAC12	Disclosure of total amount of political contributions made ⁵	The only political donations made in 2020 amounted to US\$14,000 donated to political organisations by the LSEG US Holdco, Inc. employee operated PAC	The only political donations made in 2019 amounted to US\$29,000 donated to political organisations by the LSEG US Holdco, Inc. employee operated PAC.	The only political donations made in 2018 amounted to US\$19,000 donated to political organisations by the LSEG US Holdco, Inc. employee operated PAC.
	GAC13	Disclosure of number of staff disciplined or dismissed due to non-compliance with anti-corruption policies	0	0	0
	GAC14	Disclosure of cost of fines, penalties or settlements in relation to corruption	0	0	0
Social	SHR17	Total amount of corporate or group donations/community investments made to registered not-for-profit organisations	£4.9 million ¹	£1.7 million ²	£1.5 million ³
	SHS12	Percentage of sites with OHSAS 18001 certification	0%	0%	0%
	SHS13	Number of staff trained on health and safety standards within the last year ⁴	100%	100%	100%
	SHS38	Number of work-related employee fatalities	0	0	0
	SHS40	Number of work-related contractor fatalities	0	0	0
	SLS24	Full-time staff voluntary turnover rates	6.0%	10.5%	11.0%
	SLS25	Percentage of employees that are contractors or temporary staff	3%	2%	2%
	SLS26	Amount of time spent on employee development training to enhance knowledge or individual skills, using: a) Total hours as a company, or b) Average hours per employee	a) 82,993 b) 15	a) 74,770 b) 15	a) 63,150 b) 14

1. This is the total cash charitable donation made by the Group in 2020, consisting of £1,764,000 to LSEG Foundation and £3,937,000 to other charities

2. This is the total cash charitable donation made by the Group in 2019, consisting of £1,616,000 to LSEG Foundation and £103,000 to other charities

3. This is the total cash charitable donation made by the Group in 2018, consisting of £1,254,000 to LSEG Foundation and £207,000 to other charities

4. 100% of new staff received health and safety training

5. All LSEG US Holdco, Inc. contributions will be reviewed for legal compliance and will be publicly reported in accordance with US election laws

Governance continued

SUSTAINABLE DEVELOPMENT GOALS

As the UN Sustainable Stock Exchanges initiative assesses that exchanges are well placed to have a measurable impact on five of the Sustainable Development Goals (SDGs), we align our strategy to them. This is also one of the frameworks recommended in our ESG Reporting Guidance.

SDG	Goal	Associated targets	LSEG impact
	Gender equality	Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life.	Develop Sustain
	Decent work and economic growth	Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formation and growth of micro, small and medium-sized enterprises, including through access to financial services.	Grow Sustain
	Responsible consumption and production	Encourage companies, especially large and trans-national companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.	Disclose Transition Convene
	Climate action	Improve education, awareness raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.	Disclose Transition Convene Sustain
	Partnerships for the goals	Enhance the global partnership for sustainable development complemented by multi-stakeholder partnerships that mobilise and share knowledge, expertise, technologies and financial resources to support the achievement of Sustainable Development Goals in all countries, particularly developing countries.	Develop

Governance continued

Task Force on Climate-related Financial Disclosures (TCFD)

In 2020, LSEG has taken further steps, facilitated and supported by an independent and external consultancy, to define and model how climate change impacts our businesses and operations. To further align with the TCFD recommendations, the Group has undertaken scenario analysis and quantification modelling over both the medium and longer term (2035 and 2050), and how these may impact operational and market risks. The aim is to reinforce the Group's resilience to physical risks now and in the future; to address transition risks and opportunities; be prepared for potential future mandatory reporting requirements; and to protect the Group's reputation. The associated preliminary output of the quantification of the financial risk for our Operations ranges between the probable values of £395,000 and £690,000 of likelihood-weighted annual costs over the next 10 to 30 years.

TCFD recommended disclosures	LSEG Approach	2020 Enhancements	References
Governance			
a. Information on LSEG's governance around climate-related risks and opportunities: Board's oversight	<ul style="list-style-type: none"> LSEG Board has oversight of the Group Sustainability Policy, which includes our Environmental Policy; The Group CEO sponsors the Group Sustainability Policy at Board level The Group COO reports to the Board on environmental matters 	<ul style="list-style-type: none"> Board Risk Committee presented with clearly identified non-financial risk framework as part of Group ERM, including climate-related risks 	<ul style="list-style-type: none"> Group Sustainability Policy LSEG Sustainability Report 2020: Environment section, pages 22–25 and 42–48 Risk section of the Annual Report, pages 24–39 LSEG Sustainability Report 2020, Governance section, page 35 LSEG Annual Report 2020, Supporting Sustainable Growth section, pages 54–67
b. Information on LSEG's governance around climate-related risks and opportunities: Management's role	<ul style="list-style-type: none"> Group Sustainability Committee is chaired by Executive Committee member The EMG is responsible for setting Group-wide targets, and managing and seeking to improve our environmental performance 	<ul style="list-style-type: none"> There are two dimensions to our sustainability strategy. Our first pillar is described as "Transforming the global financial eco-system" this is about how we work across the market to support the shift to a net-zero sustainable economy. Our second pillar is described as "Transforming our operations and culture while supporting the wider community" – this includes our people, our communities and our environmental impacts 	
Strategy			
a. Climate-related risks and opportunities identified over the short, medium and long term:	<ul style="list-style-type: none"> There is a Group approach on climate-related risks and is reported through The Group Sustainability Committee – The process is managed by Risk and has been supported by an independent external consultancy, to define and model how climate change impacts our businesses and operations 	<ul style="list-style-type: none"> The Group is developing climate-related risk quantification models over both the medium and longer term to help identify how physical and transition risks may impact our business 	<ul style="list-style-type: none"> LSEG Sustainability Report 2020 : Environment section, pages 22–25 and 42–48 FTSE Russell Green Revenues data model Strategy section of the Annual Report, pages 14–23 For scenario analysis, see risk section of the Sustainability Report, pages 36 and 50 LSEG Annual Report 2020, Supporting Sustainable Growth, pages 54–67
b. Impacts of climate-related risks and opportunities on LSEG's business, strategy and financial planning	<ul style="list-style-type: none"> Our EMG guides the Group's environmental strategy, and is responsible for setting Group-wide targets, managing and seeking to improve our environmental performance 	<ul style="list-style-type: none"> Group Risk has worked with an independent external consultancy to develop a Climate risk and opportunities heatmap and a preliminary quantitative methodology in order to quantify the financial impact on LSEG's business and support and inform future investment and business' decision making. 	
c. Resilience of the organization's strategy based on scenario analysis	<ul style="list-style-type: none"> We have been working on developing quantification models to identify the most material physical and transition risks for the business, including our operations 	<ul style="list-style-type: none"> Climate Change risks and opportunities qualitative and quantitative heatmaps completed Preliminary quantification models completed for Operations and one business unit 	

Governance continued

TCFD recommended disclosures	LSEG Approach	2020 Enhancements	References
Risk management			
a. Information on LSEG's processes for: identifying and assessing climate-related risks	<ul style="list-style-type: none"> Some climate-related risks have been categorised as emerging risks and it is acknowledged that they are inherently linked to other strategic, financial and operational risks 	<ul style="list-style-type: none"> Training was delivered to Risk champions to enable effective identification and assessment of ESG risks, including climate-related risks Review of climate-related risks in the Group Risk database The Group has developed climate-related risk scenarios over both the medium and longer term 	<ul style="list-style-type: none"> LSEG 2020 CDP Response: Risk and Opportunities Section, questions C2.1–C2.3 LSEG Annual Report: Principal risks and uncertainties emerging risks section, page 39 LSEG Annual Report, Supporting Sustainable Growth, pages 54–67
b. Information on LSEG's processes for: managing climate-related risks	<ul style="list-style-type: none"> LSEG has taken steps to develop its methodology to define and model how climate change impact its businesses. The aim is to reinforce the Group's resilience. The Group Sustainability Committee is the governance body that provides direction to the Group, incorporating strategic input from the Executive Committee, to which the Group Sustainability Committee reports. Risk function also reports and seeks input and approval on climate risk work from the Sustainability Committee. 	<ul style="list-style-type: none"> Developed preliminary quantification models for Operations and one of the Group's business units On-going interaction with Operations around footprint and climate exposure 	
c. Information on LSEG's processes for: how climate-related risks are integrated into LSEG ERM system	<ul style="list-style-type: none"> LSEG continues to increase its' focus on embedding these risks in our ERM framework and some climate-related risks have been categorised as emerging risks and it is acknowledged that they are inherently linked to other strategic, financial and operational risks 		
Metrics and targets			
a. Metrics and targets used by LSEG to assess and manage: relevant climate-related risks and opportunities	<ul style="list-style-type: none"> Our business divisions are developing more established approaches to get more exposure of our markets to the green economy Physical risk metrics are associated with LSEG environmental programme targets 	<ul style="list-style-type: none"> Climate Risk and Opportunities Quantification models and ongoing refinement to drive future strategic decision-making 	<ul style="list-style-type: none"> LSEG Sustainability Report 2020: Environment section, pages 22–25 and 42–48 FTSE Russell Report "The green economy report: How issuers are leading the drive to a low-carbon economy" 16 July 2020 LSEG Annual Report 2020, Supporting Sustainable Growth, pages 54–67 FTSE Russell Report "Investing in the green economy – sizing the opportunity" 16 December 2020
b. Metrics and targets used by LSEG to assess and manage: Scope 1, 2 and 3 GHG emissions	<ul style="list-style-type: none"> LSEG has measured and disclosed these emissions for many years and has incrementally improved its calculation of this data 	<ul style="list-style-type: none"> We have made improvements to how we calculate our Scope 3 emissions including radiative forcing in travel emissions 	
c. Metrics and targets used by LSEG to assess and manage: Targets and performance	<ul style="list-style-type: none"> LSEG sets environmental targets for business operations for reports against these targets externally on an annual basis 	<ul style="list-style-type: none"> We have set a science-based target approved by the Science Based Targets Initiative (SBTi), which ensures our emissions reduction target meets with the changes needed to keep global warming below 1.5°C compared to pre-industrial levels 	

Governance continued

WFE PRINCIPLES

Having joined the World Federation of Exchanges (WFE) in 2018, LSEG has committed to take on a leadership role in promoting the sustainable finance agenda. Below we summarise our efforts to promote the Principles progressively in accordance with our circumstances and priorities.

Principle	Principles in action
Principle 1 Exchanges will work to educate participants in the exchange ecosystem about the importance of sustainability issues	<ul style="list-style-type: none">• Borsa Italiana held a virtual Sustainability event to raise awareness among market participants and facilitate dialogue between issuers and investors on ESG and sustainability topics• London Stock Exchange launched its Sustainable Bond Market Advisory Group (SBMAG), a forum for market participants to provide input on London Stock Exchange's Sustainable Bond Market
Principle 2 Exchanges will promote the enhanced availability of investor-relevant, decision-useful ESG information	<ul style="list-style-type: none">• We have introduced mandatory annual post-issuance reporting requirements for issuers on Sustainable Bond Market• London Stock Exchange has produced a guidance report on Green Finance
Principle 3 Exchanges will actively engage with stakeholders to advance the sustainable finance agenda	<ul style="list-style-type: none">• Our stakeholder engagement is outlined in this report on page 39
Principle 4 Exchanges will provide markets and products that support the scaling-up of sustainable finance and reorientation of financial flows	<ul style="list-style-type: none">• FTSE Russell launched its Climate EGBI• London Stock Exchange AIM market celebrated its 25th anniversary in 2020• In March 2020, London Stock Exchange was the first exchange globally to announce that it would be admitting social and sustainability bonds with use of proceeds aligned towards mitigating the impact of Covid-19 with no admission fees on its Sustainable Bond Market (SBM)
Principle 5 Exchanges will establish effective internal governance and operational processes and policies to support their sustainability efforts	<ul style="list-style-type: none">• We continue to assess the materiality of ESG and related risks to LSEG and to increasingly integrate these considerations into our Enterprise-wide Risk Management framework• A description of our sustainability governance can be found in this report on page 35

Governance continued

SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB)

As an advocate for greater transparency, LSEG is committed to providing meaningful sustainability information to our stakeholders.

We continue to enhance our sustainability reporting, beginning our first ever disclosure aligned to the SASB framework.

The table below summarises LSEG's current SASB alignment.

	TOPIC	CODE	INDICATOR	DETAILS
Table 1. Sustainability Disclosure Topics & Accounting Metrics	Promoting Transparent & Efficient Capital Markets	FN-EX-410a.1	(1) Number and (2) average duration of (a) halts related to public release of information and (b) pauses related to volatility	No volatility reported following release of information
		FN-EX-410a.2	Percentage of trades generated from automated trading systems ²	As a provider of execution services and associated platform connectivity infrastructure, the entire process is considered electronic by definition, utilising various forms of automated strategies and processes. If we define this as the monthly averages by value traded by proprietary trading firms directly accessing the London Stock Exchange order book in their own capacity as member firms, then over the course of 2020 this varied between 29% and 32%.
		FN-EX-410a.3	Description of alert policy regarding timing and nature of public release of information	We do not provide any advice to our clients about the content or timing of their disclosures. All responsibility for content and timing rests with the client.
		FN-EX-410a.4	Description of policy to encourage or require listed companies to publicly disclose environmental, social, and governance (ESG) information	<p>We actively support evolving global ESG reporting standards and our own reporting strives to reflect the high standards we advocate. We provide tools and insights to help our issuers understand the importance of, and best practice in, ESG disclosure.</p> <p>Examples include:</p> <ul style="list-style-type: none"> • Provision of FTSE Russell ESG Ratings to issuers via LSEG Issuer Services platform, with sector benchmarks • Provision of a proprietary ESG Disclosure Score to issuers via LSEG Issuer Services platform, with sector benchmarks, to indicate the % of material data points being disclosed • Provision of an online tool for issuers outside the FTSE Russell research universe to calculate an ESG Disclosure Score • ESG Disclosure Guidance for Issuers publication • Annual report on ESG Disclosure Score performance trends to celebrate best practice • Regular webinars from LSEG experts and industry specialists on the importance of ESG disclosure, covering regions and sectors • Creation of the Green Economy Mark to incentivise disclosure of Green Revenues. Annual report of Green Revenues trends and performance • Direct engagement with issuers on market development and regulatory trends in ESG and climate disclosure
	Managing Conflicts of Interest	FN-EX-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations	LSEG did not sustain any monetary losses in the reporting period as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations.
		FN-EX-510a.2	Discussion of processes for identifying and assessing conflicts of interest	<p>LSEG plc maintains a Group Conflicts of Interest Policy (the Policy) which is subject to annual review.</p> <p>The Policy:</p> <ul style="list-style-type: none"> • provides guidance to assist in the identification of both personal and business conflicts; • sets out the requirement to clearly identify all conflicts and, if possible, take appropriate steps to avoid them; • where conflicts cannot be avoided, mandates that they be disclosed or recorded and effectively managed to mitigate any associated risk that a Group entity or employee might be, or perceived to be, unduly influenced as a result of their existence. <p>Mandatory Conflicts training is provided to all employees annually to ensure the provisions set out in the Policy are communicated, reinforced and understood. To confirm their comprehension of the training, all employees must pass a test before being considered to have successfully completed the course. Any non-completion is subject to escalation to the Executive Committee.</p>

2. Footnotes can be found on page 48

Governance continued

SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) CONTINUED

	TOPIC	CODE	INDICATOR	DETAILS
Table 1. Sustainability Disclosure Topics & Accounting Metrics <i>continued</i>	Managing Business Continuity & Technology Risks	FN-EX-550a.1	(1) Number of significant market disruptions and (2) duration of downtime ⁴	There was no downtime of the Trading platforms in 2020
		FN-EX-550a.2	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of customers affected ⁵	In 2020, LSEG did not record any loss of PII or data where customers were directly impacted
		FN-EX-550a.3	Description of efforts to prevent technology errors, security breaches, and market disruptions	LSEG aims to proactively detect and/or prevent technology errors and security breaches to minimise the risk of disruption to the business and safeguard data. LSEG has established layers of defences to mitigate against security breaches; ranging from protecting the externally facing perimeter to defending the internal network. Our Global Security Operations Centre constantly monitors 24 hours, 7 days a week x 365 days a year, rapidly responding to security alerts.
Table 2. Activity Metrics	Average daily number of trades executed, by product or asset	FN-EX-000.A	Average daily number of trades executed, by product or asset class	Average daily number of trades executed: UK order book: 1,070,450 Italian order book: 391,071 Derivatives – Equity & Commodity: 98,472 Retail Bonds: 15,671 MTS Cash: 2,399 MTS Repo: 4,071 EuroTLX: 6,445 Turquoise Integrated: 414,816 Turquoise Plato™: 64,292

4, 5. Footnotes can be found on page 48



LSEG

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