



LSEG

OPEN MAKES MORE POSSIBLE

LONDON STOCK EXCHANGE GROUP PLC  
CLIMATE REPORT 2022

---

Accelerating the  
transition to net zero

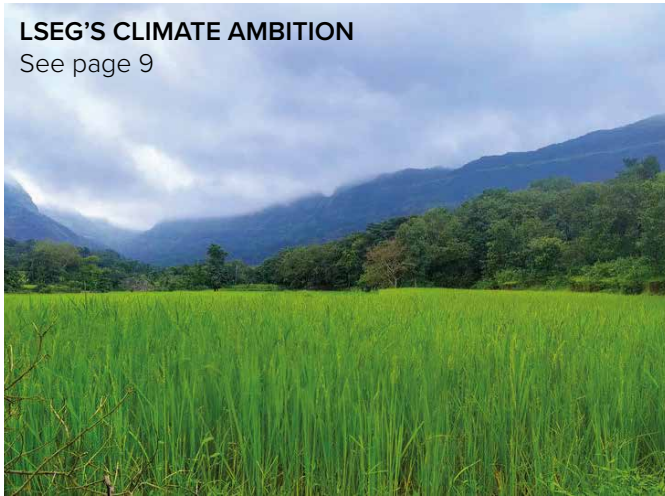
---



# Contents

## LSEG'S CLIMATE AMBITION

See page 9



## ACTIONING OUR PLAN: IMPLEMENTATION STRATEGY

See page 11



## ACTIONING OUR PLAN: ENGAGEMENT STRATEGY

See page 19



<b>Introduction</b>	<b>2</b>
<b>Market developments in climate-related reporting</b>	<b>5</b>
Our role in market development of sustainability disclosures and transition planning	6
A step forward in climate transition planning guidance	7
Establishing a global baseline for sustainability-related disclosures	8
<b>LSEG's climate ambition</b>	<b>9</b>
Objectives and priorities	10
Business model implications	10
<b>Actioning our plan: implementation strategy</b>	<b>11</b>
Business planning and operations	12
Products and services	14
Policies and standards	18
Financial planning and sensitivity analysis	18
<b>Actioning our plan: engagement strategy</b>	<b>19</b>
Engagement with value chain	20
Engagement with industry	21
Engagement with government, public sector and civil society	21
<b>Climate risk management</b>	<b>24</b>
Physical climate risk assessment	25
Transitional climate risk assessment	25
Processes for identifying and assessing climate-related risks	26
Processes for managing climate-related risks	27
Integration of climate-related risks into overall risk management	27
<b>Metrics and targets</b>	<b>28</b>
Governance, business and operational metrics and targets	29
Financial metrics and targets	29
GHG emissions metrics and targets	29
Carbon credits	30
<b>Sustainability governance</b>	<b>31</b>
Board oversight and reporting	32
Roles, responsibilities and accountability	32
Culture	33
Incentives and remuneration	33
Skills, competencies and training	34
<b>Further information</b>	<b>35</b>



Further information on London Stock Exchange Group can be found at: [www.lseg.com](http://www.lseg.com)



# Introduction

## WHO WE ARE

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

LSEG is headquartered in the United Kingdom, with significant operations in 65 countries across EMEA, North America, Latin America and Asia Pacific. We employ 24,000+ people globally.

## OUR PURPOSE

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

### About the photography in this report

In March 2022, employees and contractors across the globe helped to bring LSEG's sustainability strategy to life through our Picture our Priorities photography competition.

The photographs reflect the three pillars of our sustainability strategy:

- Accelerating the just transition to net zero
- Enabling the growth of the green economy
- Creating inclusive economic opportunity

Many of the images used in this report are photographs submitted as part of that competition.

# Our sustainability strategy

Our purpose is driving financial stability, empowering economies and enabling customers to create sustainable growth. We are committed to supporting sustainable economic development which requires the harmonisation of economic growth with social inclusion and environmental protection.

Our sustainability strategy focuses on those issues of greatest relevance to our business and our stakeholders, and where we can have the greatest positive impact. We are working towards three strategic sustainability priorities, while embedding sustainability into our customer propositions, market engagement and our own operations.

## STRATEGIC PRIORITIES

**Priority 1**  
Accelerating the just transition to net zero



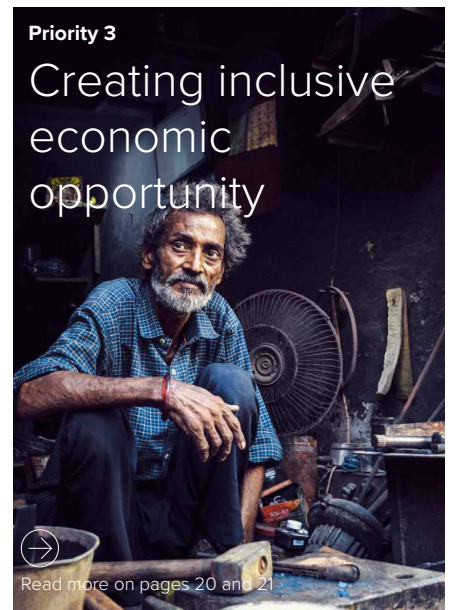
[Read more on pages 9 and 10](#)

**Priority 2**  
Enabling the growth of the green economy



[Read more on pages 16 and 17](#)

**Priority 3**  
Creating inclusive economic opportunity



[Read more on pages 20 and 21](#)

## ENABLING ACTIVITY

Supporting customers to create sustainable growth

Market engagement and policy advocacy

Embedding sustainability into our operations

# Introduction

In 2022, we published our first Climate Transition Plan, which detailed our approach to support our short-term science-based targets (SBTs), as well as our longer-term net zero ambition. We also published a separate report aligned to the Taskforce on Climate-related Financial Disclosures (TCFD), which outlined how we manage and respond to climate-related risks.

This year we are publishing a single climate report which provides an update on both our transition plan as well as our TCFD report. This is in line with the initial guidance from the UK Government's Transition Plan Taskforce and this report is structured according to its recommendations. This is a holistic approach when demonstrating LSEG's response to climate-related risks and opportunities, and how we are contributing to an economy-wide transition.

In this report, we disclose how we expect climate change, and the transition to a low-carbon economy, to impact our business in the near to long-term future. As such the primary audiences for this report are investors, regulators and other financial institutions with an interest in LSEG.

We show how our Climate Transition Plan is aligned with Transition Plan Taskforce guidance, and describe progress we've made in 2022 towards our sustainability objectives, and how we will deepen implementation throughout 2023 and beyond.

This report reflects the continuing evolution in approach, using the TCFD recommendations to report on our climate risk activities. We have developed and enhanced our capability for addressing both physical and transition risks. In future, we will evolve and enhance our approach and disclosure of financial impacts associated with climate-related risks. The aim is to address the Group's transition risks and opportunities, including its resilience to climate-related risks today and in the future and to meet existing mandatory reporting requirements and prepare for future ones.

## UK Government's Transition Plan Taskforce framework

Taskforce on Climate-related Financial Disclosures (TCFD) pillars	The UK Transition Plan Taskforce (TPT) framework elements and sub-elements
Governance	
Strategy	<p><b>Foundations</b></p> <ul style="list-style-type: none"> <li>— Objectives and priorities</li> <li>— Business model implications</li> </ul> <p><b>Implementation strategy</b></p> <ul style="list-style-type: none"> <li>— Business planning and operations</li> <li>— Products and services</li> <li>— Policies and conditions</li> <li>— Financial planning</li> <li>— Sensitivity analysis</li> </ul> <p><b>Engagement strategy</b></p> <ul style="list-style-type: none"> <li>— Value chain</li> <li>— Industry</li> <li>— Government, public sector and civil society organisations</li> </ul>
Metric and targets	
Risk management	

In this report, we disclose how we expect climate change, and the transition to a low-carbon economy, can impact our business.



# Market developments in climate-related reporting

The regulatory environment and investor expectations are developing at a rapid pace, and we are at the forefront of global initiatives supporting organisations on their journey to net zero.

---

## In this section

**Our role in market development of sustainability disclosures and transition planning**



More information can be found on page 6

**Establishing a global baseline for sustainability-related disclosures**



More information can be found on page 8

**A step forward in climate transition in planning guidance**



More information can be found on page 7

## Our role in market development of sustainability disclosures and transition planning

We believe we have an important role to play in supporting companies listed in London, and companies further afield, to understand how to approach transition planning and climate-related reporting. The effective flow of climate-related information supports capital allocation and engagement between companies and investors, while helping to improve the climate resilience of global capital markets.

This is an agenda that LSEG has supported for many years, from launching one of the first methodologies to assess corporate climate strategies in 2007 when FTSE4Good unveiled its first set of climate criteria<sup>1</sup>. In 2021, the London Stock Exchange published guidance on climate-related reporting to help companies understand and deliver best practice disclosure to investors, prepare for regulation and derive commercial value from improved management information.

We shoulder our responsibility at the heart of global financial markets to provide the industry with the tools, data and market infrastructure required to achieve important sustainability goals.



# LSEG

## OPEN MAKES MORE POSSIBLE



<sup>1</sup> FTSE launches climate change criteria for index series | News | IPE.

## A step forward in climate transition planning guidance

The transition to a low-carbon sustainable global economy is a highly complex task, with each country, sector and company facing different challenges. Part of our role is to provide data, research and analytics to help capital market participants to navigate the transition and support the development of high-quality comparable reporting.

### **HM Treasury Transition Plan Taskforce**

The UK Transition Plan Taskforce (TPT) was launched by HM Treasury in April 2022 to develop the gold standard for private sector climate transition plans in the UK. The Taskforce has facilitated a multi-stakeholder approach, bringing in expertise from government, regulators, academia, finance and the private sector. It has helped to develop transition plan guidance that is fit for purpose, striking the right balance between being principles-based, but prescriptive where necessary.

The TPT's work will help to drive decarbonisation by ensuring that financial institutions and companies prepare rigorous transition plans which enable organisations to achieve net-zero targets. In addition, the UK Government and the Financial Conduct Authority will draw on the TPT's outputs to strengthen disclosure requirements across the UK economy. LSEG is proactively contributing to the TPT, as LSEG CEO David Schwimmer serves on the Taskforce Steering Committee and we are also members of the TPT Delivery Group.

### **GFANZ Guidance on Credible Net-zero Transition Plans**

The Glasgow Financial Alliance for Net Zero (GFANZ) was launched in April 2021 by Mark Carney (UN Special Envoy on Climate Action and Finance) and the COP26 presidency. It is the world's largest coalition of financial institutions and is committed to transitioning the global economy to net-zero greenhouse gas emissions to achieve the objective of the Paris Agreement to limit global temperature increases to 1.5°C from pre-industrial levels. As a founding member, LSEG plays an active role in GFANZ workstreams and LSEG CEO, David Schwimmer, is a member of the GFANZ Principals Group, which sets the strategic direction and priorities of the Alliance and monitors progress.

LSEG is proactive in contributing and shaping the TPT recommendations through our involvement in the Taskforce Steering Group as well as the Delivery Group.



LSEG plays an active role in GFANZ workstreams and LSEG CEO, David Schwimmer, is a member of the GFANZ Principals Group.





## Establishing a global baseline for sustainability-related disclosures

Developments in sustainability-related disclosures continues apace, and we actively promote the development and adoption of global disclosure standards on climate risk and sustainability. For example, we were members of the EU High Level Expert Group and the Technical Expert Group on Sustainable Finance, shaping consistent disclosure standards.

We are also members of the FCA/PRA Climate Financial Risk Forum and the Green Technical Advisory Group (GTAG) advising the UK Government on green taxonomy.

The formation of the International Sustainability Standards Board (ISSB) was a watershed moment for the global economy as it moves towards a net zero, sustainable future. Building on the framework developed by the Taskforce on Climate-related Financial Disclosure (TCFD) and other international frameworks, the ISSB's global baseline sustainability reporting standards have the potential to provide the international consistency that is needed to unlock comparable, actionable information to inform sustainability-related decision-making.

The ISSB is in close communication with the European Financial Reporting Advisory Group (EFRAG) as it develops reporting standards for the EU, which is essential to avoid divergent reporting standards and international fragmentation. We also welcome the collaboration between the Global Reporting Initiative (GRI) and the ISSB to ensure close alignment between these standards. Many jurisdictions, including the UK, New Zealand, Japan, and more recently, the US Securities and Exchange Commission (SEC), have already made significant progress in introducing mandatory disclosure rules or proposals to incorporate the TCFD recommendations in their domestic frameworks.

LSEG has been a supporter of TCFD since its launch in 2017 and has disclosed climate change as an emerging risk in both our annual and sustainability reports since 2019. In this report we disclose information on our greenhouse gas (GHG) emissions, our emission-reduction targets and how we plan to achieve these.





# LSEG's climate ambition

LSEG was an early adopter in developing a climate transition plan, which we published in March, and for which we received shareholder support at our AGM in April 2022.

---

## In this section

### Objectives and priorities



More information can be found on page 10

### Business model implications



More information can be found on page 10

## Objectives and priorities

We published our first Climate Transition Plan in March 2022, setting out how we aim to achieve our targets which have been approved by SBTi (Science-Based Target initiative) against a 1.5°C trajectory.

At our AGM in April 2022, we invited our shareholders to vote on our Climate Transition Plan and received almost 99% support. We have continued to build on initial work, and in this report describe activities we've worked on regarding governance, operations and delivery.

### Targets

#### Carbon reduction

Halve our Scope 1, Scope 2 and selected Scope 3 emissions (fuel and energy related activities, business travel and employee commuting) against a 2019 baseline by 2030.

Reduction by 2030

**-50%**

#### Supplier engagement

Engage with suppliers responsible for 67% of our Scope 3 emissions (purchased goods and services) to set science-based targets by 2026.

Scope 3 emissions (purchased goods and services) covered by science-based targets by 2026

**67%**

#### Ambition

Our long-term ambition is to achieve net-zero by 2040.

Emissions by 2040

**Net zero**

Shareholder support for our Climate Transition Plan

**99%**

## Business model implications

### Operational response

In January 2021, LSEG joined the United Nations Climate Change 'Race to Zero' becoming the first global exchange group to commit to net zero. To achieve our near-term targets by 2030 and to identify our path to net zero, we laid out our roadmap in our first Climate Transition Plan, with quantifiable emission reduction pathways covering properties, data centres, travel and suppliers.



Our Climate Transition Plan can be found here

### Products and services

Sustainability and the global climate transition is reshaping entire industries, and it is essential that we build capabilities that enable market participants to navigate this agenda and understand the implications for capital markets. Building this into our business is a commercial necessity. It is also a Group strategic objective and a factor which is becoming increasingly important for our clients and subsequently impacts on the way we do business.

With this context, we continue to build on our Sustainable Finance and Investment capabilities across our Data & Analytics, Capital Markets and Post Trade divisions to support the long-term growth of the Group.

Target reduction of total emissions by 2030

**-50%**



# Actioning our plan: implementation strategy

Turning our ambition into reality requires action across our operations and through the suite of products and services we offer to our customers.

Through our involvement in the Net Zero Financial Service Providers Alliance, we are working to support the market and develop a clear framework to structure commitments, targets and reporting.

## In this section

### Business planning and operations



More information can be found on page 12

### Products and services



More information can be found on page 14

### Policies and standards



More information can be found on page 18

### Financial planning and sensitivity analysis



More information can be found on page 18

## Business planning and operations

We have optimised our governance and operational structure to ensure ownership and accountability across the Group in how our transition plan is implemented. Over the medium term, our activity is driven by our supplier engagement and carbon reduction targets to 2026 and 2030 respectively, key milestones on the path to our ambition to be a net zero business by 2040.

In our first Climate Transition Plan we showed key areas of activity across six glidepaths. As our approach has evolved, we have streamlined our approach, to focus in on four glidepaths, supported by climate risk. These glidepaths encompass the key areas of activity enabling us to act on our ambition.



Our 2022 Climate Transition Plan can be found [here](#).

### Data reconciliation

Over the course of 2022 we made progress on our carbon accounting capability across the business, allowing us to capture and calculate emissions and build a more in-depth and granular understanding of our emissions profile to inform decision-making. This enhancement has enabled us to move away from estimated emissions data, which allows us to work with a more robust data set. Using a centralised tool, we have gathered data directly from our property portfolio in 68 countries (up from 10) with data from 1,061 sources (up from 202).

### Glidepath: Places

In addition to developing our data management capability, we continue to focus on energy efficiency improvements to reduce our overall emissions footprint. To this end, in 2022 we carried out decarbonisation audits across several of our highest emitting locations to determine and prioritise the greatest emissions saving activities.

We continue to actively manage our property portfolio to reduce waste and increasingly embed circular economy initiatives. During our 2022 upgrade and refurbishment programme, we diverted waste away from landfill in collaboration with our vendor partners who donated or recycled items, such as at our St Louis, USA site where we utilised items from an existing office which had been consolidated instead of purchasing new items. At our Paternoster Square office, London, we converted from standard diesel to biofuel.

Working with our landlords and energy providers we have explored renewable energy options, which includes the conversion of a number of sites to a green tariff.

We currently report 100% of our electricity across our portfolio as renewable, this includes the purchase of Energy Attribute Certificates (EACs) and aligns with the requirements of RE100. LSEG is a member of RE100, which is a corporate renewable energy initiative bringing together hundreds of businesses committed to sourcing 100% of their energy from renewable sources.

Our longer-term strategy is to continue to review our energy options, moving away from EACs, switching to green tariffs where available and prioritising on-site generation where possible.

### Streamlined glidepaths

#### Previous glidepaths

Climate risk

Renewable energy

Property and data centres

Supply chain

Business travel

Neutralisation and removals

#### Net-zero operations glidepaths

##### Places

Property and data centres, renewable energy, upstream leased assets

##### People

Homeworking and employee commuting

##### Travel

Business travel by air, rail, and road

##### Procurement

Purchased goods and services

## Business planning and operations continued

Following significant extreme weather events, we are reviewing our due diligence and business continuity plans. As described in our TCFD report last year, we are undertaking an assessment of physical risk of LSEG's operations, driven by a high value at risk (exposure) and a greater change in the physical risk of extreme weather events. We have expanded our physical climate-risk model to incorporate the enlarged footprint of the organisation, focusing on three main impact pathways:

- Physical impacts on our offices, data centres and local infrastructure such as power and transport which could lead to additional expenditure or cause business disruption and loss of customer service and revenue.
- Potential physical impacts resulting in increased insurance premiums.
- Potential physical impacts being uninsurable, leading to the business meeting the cost of any repairs to offices, data centres or other company assets.

With regards to physical climate-related risks and given incidences of flooding in India and Sri Lanka which impacted LSEG over the course of 2022, we continue to carry out extensive reviews, including the initiation of a detailed environmental assessment of our property locations. This work will continue in 2023 and will feed into our enhanced mitigation response across our portfolio.

This will involve a review of our entire property portfolio at a country and regional level, to identify areas of higher risk for incidents, such as floods, wildfires, wind, earthquakes and hurricanes. This work will look at the potential severity and frequency of climate-related perils, and for regions and countries where there is a significant risk, a thorough site assessment will be undertaken to understand the specific site risk and appropriate mitigation activities.

### **Glidepath: Travel**

Managing emissions related to travel, we have developed a road map to 2030 to allow us to move towards our ambitious 50% reduction targets, with key initiatives based on education, promoting behaviour change and reviewing our policy framework. In 2022, alongside other global businesses we saw our business travel increase on 2021 figures attributed to the lifting of restrictions. We have been enhancing our personalised dashboards and messaging within our travel tools to encourage more conscious forms of business travel with employees being prompted to consider why, how, and when they travel.

With regards to accountability, we have made significant progress in developing divisional-level carbon emission reporting, allowing the business to develop a granular view of travel carbon emissions. We will look to develop our reporting capability, which will allow us to review the potential allocation of departmental carbon budgets ahead of the application of an internal carbon pricing strategy.

### **Glidepath: People**

As we have returned to our offices, we have seen a steady decrease in homeworking emissions from 2021 and we expect this to decrease further as more employees return to the office as part of our hybrid working approach. In line with this, we have seen an increase in our employee commuting emissions from 2021. There is scope to improve our data quality for employee commuting and homeworking and we will be focusing on this in 2023.

### **Glidepath: Procurement**

Please see Engagement with value chain on page 20 of this report.

We have been enhancing our personalised dashboards and messaging within our travel tools to encourage more conscious forms of business travel.



As we have returned to our offices, we have seen a steady decrease in homeworking emissions from 2021.



# Products and services

## Indexes, data and analytics

We're helping to shape sustainable investing in our markets, by using our indexes, data, and analytics solutions, innovative forward-thinking technology, and expertise to inform investor decision-making. We provide accurate, decision-ready, transparent, and comparable sustainability-related data, and we are expanding our suite of sustainability-related propositions: strengthening existing capabilities, working with partners, and innovating in new areas.

## Sustainable indexes

We provide a unique suite of sustainable indexes across asset classes, to support investors in their investment strategies. Our standard index families include an increasing number of ESG and climate alternatives,

offering a growing variety of options to investors. We also design innovative sustainable indexes, leveraging our unique index expertise and exclusive intellectual property developed by a global team of sustainability experts.

Our index offering is structured around investors' objectives. For climate indexes, three main objectives are pursued:

- 1) Transition to a low-carbon economy,
- 2) Accelerate green economy,
- 3) Align with regulatory climate objectives.

For ESG indexes, the three main objectives are:

- 1) Integrate ESG into investment strategies,
- 2) Select investments,
- 3) Align with ESG regulatory requirements.

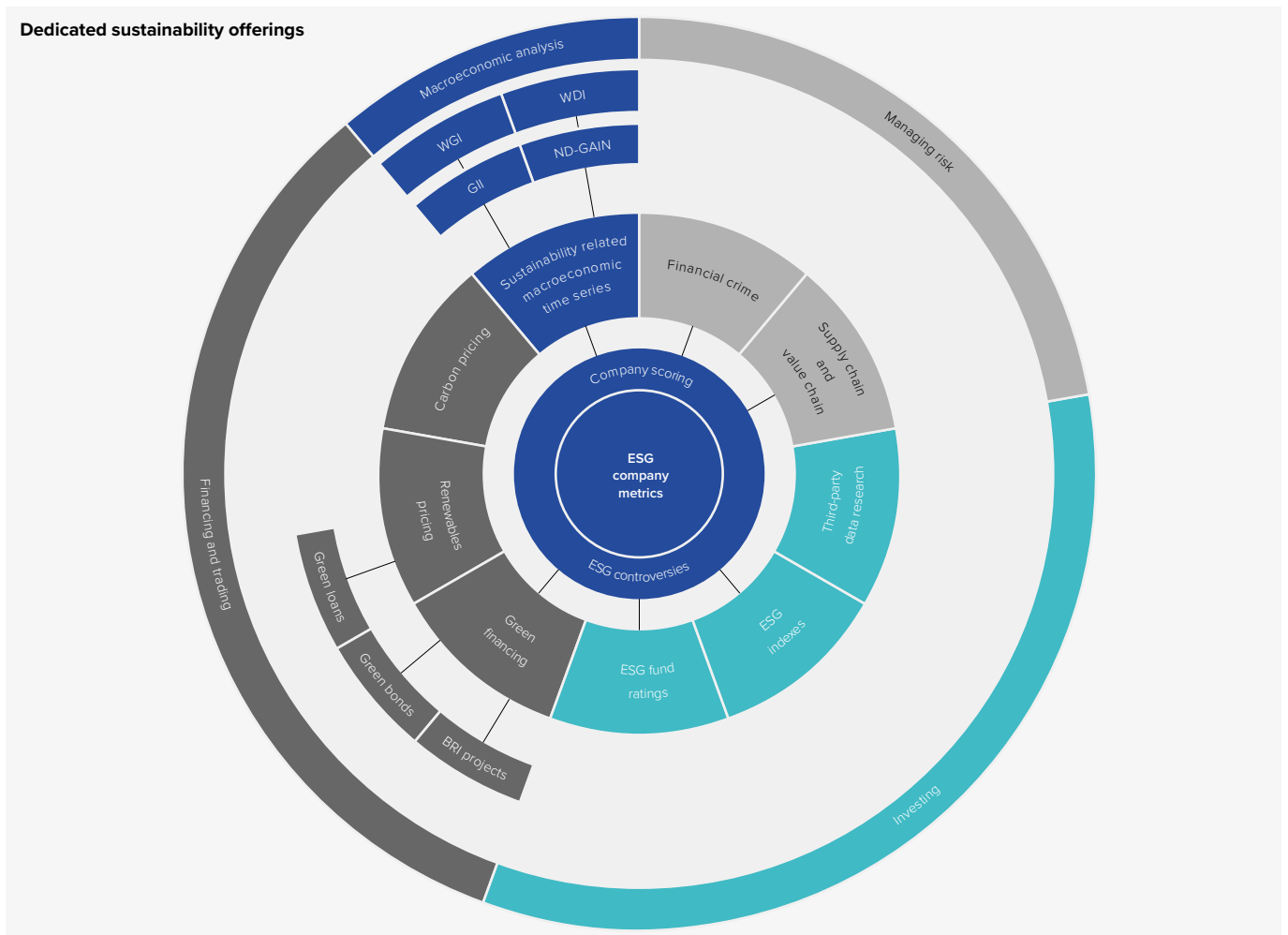
Our flexible and modular approach enables us to provide standard and custom indexes to asset owners and asset managers, with global investment strategies or more specific investment universes.

Our extensive and proprietary ESG and climate data sets, combined with advanced index methodologies, allow us to design targeted indexes for a variety of investment universes, for different asset classes such as equity, fixed income, sovereign, real estate, and infrastructure.

Since 2001, with the launch of FTSE4Good, we have developed and maintain hundreds of Climate and ESG indexes, that are tracked by more than \$300 billion of assets under management.

## Sustainable data & analytics

We provide ESG data points and analytics for 80% of global market cap based on publicly reported company data. We create a number of ESG scores designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness. We publish our Scores Methodology including category scores calculation, category benchmarks and category weights. Products which contain this data include: Refinitiv Eikon, Refinitiv Workspace, Sustainable Leadership Monitor, Datastream, Quantitative Analytics, Commodities Research, and World-Check, with a range of dedicated ESG offerings highlighted in the diagram below.



## Products and services continued

**ESG data and scores**

LSEG provides customers with a wide range of environmental, social and governance (ESG) data across different asset classes. This includes Refinitiv's highly granular data and scores of over 14,000 companies globally, drawing on over 600 metrics to provide advanced ESG analytics. Refinitiv's services sit alongside FTSE Russell's ESG research covering thousands more companies. With respect to debt markets, Beyond Ratings provides ESG-related data on thousands of corporate credit issuers and over 175 sovereign issuers.

**Commodities Research**

Our Commodities Research team consists of industry experts that cover more than 11 commodity assets and enable LSEG customers to make highly informed decisions. We use robust methodologies to bring deep insights of the market, supporting our customers in their trading. The analysis is available via Workspace or Eikon, and also enabled via direct feeds. Our team consists of economists, mathematicians, meteorologists, hydrologists and sea captains who run more than 200 models daily across more than one billion data points.

**Carbon Market Research**

The Carbon Research team provides comprehensive coverage of the European carbon market. Trading data, market fundamentals, price forecasts, a comprehensive database of emitters and a combination of quantitative and policy analysis help explain compliance carbon markets.

We closely follow international climate negotiations to understand their impact on the future of carbon trading globally, both UN-regulated and voluntary carbon market (VCM). Our team is constantly in touch with the VCM participants representing both exchange and over the counter trading to keep our customers updated on the VCM price movements and policy developments. As the post-2020 carbon world is especially focused on the quality of carbon credits, we follow the evolution of voluntary market requirements and explain the implications on the prices of emission reduction units.

**Infrastructure360**

The long-term and diversified nature of infrastructure projects, and the strong return profile, has seen the asset class gain interest from the fund management and pension fund industry. The world currently faces a \$15 trillion infrastructure investment gap by 2040. We offer comprehensive news, data, insights and analytics on global infrastructure developments, including deal structuring, financing, risk profiling, regulatory compliance and lender, investor and advisor profiles.

Our Sustainable Infrastructure Investment Report 2022 explores the trends, participants and data, powering a sustainable infrastructure boom, and highlights some of the major trends driving the market, along with data on key players – the most important metrics to monitor, and highlights the challenges looming for both investors and government sponsors.

ESG data on 14,000 companies globally

# 14,000



Green economy compound annual growth rate since 2010

# c.14%





Products and services continued

Our customisable and flexible platform is a trusted source for complex analytics across fixed income, and enables ESG and climate metrics to be integrated.



Beyond Ratings data offers institutional grade fixed income sustainable investment data sets, sustainable fixed income indexes, based on FTSE Russell's index families and data.



#### Beyond Ratings

Beyond Ratings data and scores enable ESG integration into fixed income, and multi asset research, complementing traditional credit analysis, with the goal of assisting financial sector clients in the transition towards a sustainable economy. The data is built on in-house expertise on climate/ ESG, data science, and financial risk assessment, and covers over 175 countries and 10,000 companies. Beyond Ratings data offers institutional grade fixed income sustainable investment data sets, sustainable fixed income indexes, based on FTSE Russell's index families and data that includes smart risk and climate metrics, in addition to underlying models.

#### Climate Governance Scores

In 2022, London Stock Exchange introduced Climate Governance Scores for over 400 issuers. These scores provide an evaluation of corporate carbon management practices and how climate change considerations are built into business strategies. These scores are provided to issuers privately, helping them to assess and refine their approach to climate management.

#### Green Revenues data

FTSE Russell has been researching and developing green industry taxonomies for more than a decade. Our Green Revenues 2.0 data model enables a better understanding of the green economy, classifying green products and services with environmental benefits, and assessing companies' revenue from them.

The data set is global and comprehensive. The data model is applied to nearly 99% of total global market capitalisation, capturing over 16,000 small, medium and large public companies across 48 developed and emerging markets. It covers a wide range of FTSE Russell's equity indexes, including the FTSE Global Equity Index Series and the Russell US Indexes.

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

#### Green economy report

Published by FTSE Russell in May 2022, this report tracks the growth and performance in green equities. Channelling more capital towards low-carbon investment, meeting new regulatory requirements of green taxonomies and capturing green thematic investment opportunities requires better and more granular data on the green economy. This report helps achieve this.

It discusses key trends and insights in the global green economy based on the FTSE Russell Green Revenue data – a unique source providing granular, bottom-up information on corporate revenues from green products and services. The research showed that the green economy has grown rapidly and represents a sizeable investment opportunity. In response to global environmental challenges, including climate change, the green economy recorded a compound annual growth rate of c.14% over the last 12 years. With a market capitalisation of over \$7 trillion and a weight of 7.1% of global equity markets, the green economy by itself would be the fifth largest industry.

Number of companies assessed in Green Revenues Model

# 16,000

## Products and services continued

### Sustainable finance across our capital markets

We are committed to supporting the global transition to a low-carbon economy through our capital markets. We do this by providing tools, resources, and education to help companies with transition plans and climate reporting, develop and implement credible transition plans and understand best practice in ESG disclosures. We also innovate and build our markets to help issuers – governments, companies and financial institutions worldwide – access the capital they need for climate action and other green or sustainable activities, across a range of asset classes.

#### Sustainable Bond Market

Our Sustainable Bond Market offers the most comprehensive platform for sustainable debt financing, with separate segments that help investors to identify the use of capital raised for different purposes:

- Sustainability-linked bonds link interest payments to performance against specific sustainability performance targets, which contain key performance indicators (KPIs), for example on decarbonisation targets.
- Transition bonds provide a route for companies in sectors not traditionally part of the green economy to raise capital to finance credible transition plans.
- Green bonds raise funds for activities that deliver environmental benefits and a more sustainable business (or economy, in the case of governments). 'Green' can include renewable energy, sustainable resource use, conservation, clean transportation and adaptation to climate change.
- Social bonds are used to finance activities with a clear and measurable social purpose, for example the development of social housing, supporting education and development of women-led businesses.

- Sustainability bonds can be used to finance both green and social project categories. This segment can cover broader thematic bonds such as blue bonds for marine-based activity.
- Green-revenues segment for bonds by issuers with the Green Economy Mark and over 90% of revenues from green sectors aligned to the FTSE Russell Green Revenues Classification System.

#### Green Economy Mark

The Green Economy Mark is provided to companies and funds on the Main Market and AIM that derive over 50% of their revenues from sustainable products and services. Revenues are measured against alignment to FTSE Russell's Green Revenues Classification System. Demand for low-carbon products and services has increased as addressing climate change and environmental concerns becomes a key strategic priority for businesses across the economy and a driver of consumer purchase behaviour. The Green Economy Mark raises the visibility of these companies and funds to investors that are focused on green investment strategies. This supports access to capital for companies in transition and those in fast-growing areas of the economy, such as cleantech.

#### Voluntary Carbon Market

Our Voluntary Carbon Market designation enables funds and operating companies to raise capital to be channelled into projects that contribute to reducing the amount of greenhouse gases in the atmosphere, both nature-based and technology led, and that are expected to generate carbon credits.

It has been created to provide investor confidence in the carbon markets and flows of capital to climate action worldwide, particularly in the Global South. It does this through additional listing rules that provide guardrails to support high quality projects; mandatory performance disclosures to increase investor visibility, and evidence-based claims associated with the environmental and social impacts delivered. In turn, funds and companies with the Voluntary Carbon Market designation provide a new route for corporates who seek to offset their residual or unavoidable emissions on their net-zero journey and provide exposure for investors to an asset class, with a long-term supply of carbon credits.

#### ESG ETFs

ESG ETFs offer a way to diversify across a wide range of investments, while owning companies or other assets that have strong ESG characteristics. ETFs invest in a basket of stocks, bonds, or other assets. ESG ETFs can focus on companies with high ESG ratings. Some screen out certain 'controversial' industries, and others may focus on certain themes, such as climate transition or diversity & inclusion.

#### Green Sukuk

Green and sustainability sukuk enables countries and companies to access finance in a manner consistent with their faith and values. Linked to assets that may be eligible for green and social projects, they may become vital tools to fund the UN Sustainable Development Goals and the just transition to net-zero.

#### Issuer Services

Issuer Services supports our issuers to effectively communicate their story to millions of investors on [www.lseg.com](http://www.lseg.com) as well as access data, know-how and services. As climate and sustainability become core to corporate narratives, public disclosures and access to capital, we have added a wide range of related services. Issuers can access FTSE Russell and Refinitiv ESG and Climate-related data and benchmarking tools; educational resources on areas such as TCFD reporting – guidance that LSEG pioneered with the UN Sustainable Stock Exchange Initiative, and access to sustainability support services from leading providers.

Demand for low-carbon products and services has increased as climate change becomes a key strategic priority for businesses industry wide.





Products and services continued



## Policies and standards

Our sustainability approach is underpinned by a series of policies and standards which apply globally across LSEG. Our Sustainability Policy sets out the requirements for LSEG to ensure it manages its sustainability performance effectively. The policy is approved by the LSEG Board and is supported by several issue specific standards such as environmental management and supplier code of conduct. The policies ensure we effectively manage relevant environmental, social and governance issues.



More information can be found here.

## Financial planning and sensitivity analysis

We have made progress over the course of 2022 to develop capabilities and build robust assessment frameworks and operational models to deliver on our objectives, as well as understanding risks and opportunities presented to us as we transition to a low-carbon world. Moving forward, our plan is to build on this work and to integrate analysis and assessments into business planning and strategy considerations, along with appropriate sensitivity analysis to show the impact of critical assumptions on our forward plan.



# Actioning our plan: engagement strategy

Engagement and collaboration is a critical component of transition activity, at both a local and global level.

We're engaging with our suppliers at an operational level, and peers and policy-makers at a global level, enabling an economy-wide change in behaviour and expectations.

---

## In this section

### Engagement with value chain



More information can be found on page 20

### Engagement with government, public sector and civil society



More information can be found on page 21

### Engagement with industry



More information can be found on page 21

## Engagement with value chain

The majority of LSEG's greenhouse gas emissions arise from Scope 3 purchased goods and services, demonstrating how critical engagement with our suppliers is to the overall reduction of our emissions. Our Climate Transition Plan published in 2022 introduced the supply chain glidepath and over the last year, we have created a firm foundation for engagement with our diverse supply chain.

We have set a target which aims to ensure that suppliers responsible for 67% of our Scope 3 emissions (purchased goods and services) set their own science-based targets by 2026.

In 2022, we launched our Supplier Engagement Programme with three key focus areas:

- Data analysis;
- Initial supplier engagement;
- Training.

### Data analysis

We have worked with an external consulting company to analyse 5,000 suppliers which resulted in a segmentation based on a sustainability tiering. The segmentation considered factors such as publicly available sustainability reports, the maturity of our relationship and future strategy as a supplier for LSEG. We have applied this evaluation to create a tailored engagement approach for each supplier. LSEG sustainability specialists and Group Procurement Category Managers will engage across our supply chain to discuss their sustainability ambition and specific next steps with regards to science-based targets with the suppliers in scope.

We continue to make progress on the design of a comprehensive dashboard, which is expected to be operational as we move into 2023, allowing us to track how our suppliers are progressing against targets and informing an holistic supplier engagement approach.

### Initial supplier engagement

In 2022, our Supplier Code of Conduct was strengthened to better reflect our sustainability-related ambitions, a policy which all suppliers are required to adhere to.

A subset of our key vendors (by emissions) were engaged which allowed us to gather insights, verify data and ensure we provide appropriate support and communications in line with our partner requirements. The conversations were consolidated into this exercise and the outcome has allowed us to consider and shape further planning for how we engage in 2023. Where our supplier services may be changing in line with Group strategy, we have been able to incorporate this into our forecasts for emissions and provide guidance to the category managers on the most suitable approach for the individual suppliers. Sustainability is becoming a key evaluation metric alongside our strategy and commercial considerations.

For the suppliers who are in the preliminary stages of developing their own sustainability strategy, we will provide enhanced support, sharing our own vision and sustainability goals and ambitions, as well as practical assistance to support their sustainability approach.

### Training

LSEG's procurement team is focused on collaboration, learning and growth, to ensure it is equipped with relevant expertise to anticipate and respond to the rapidly changing environment.

We have facilitated learning through one-to-one and formal knowledge sharing sessions. In 2022, our Group Procurement Category Managers and Vendor Managers attended a series of interactive sessions introducing sustainability and net zero. The final session consisted of carbon knowledge training, covering how this applies to LSEG and to those within our supply chain.

We have also developed a toolkit for Category and Vendor Managers as they kick off formal engagement plans in 2023.

---

Suppliers (by emissions) to set science-based targets to reduce their own emissions by 2026

# 67%

## Engagement with industry

### Glasgow Financial Alliance for Net Zero (GFANZ)

GFANZ was launched in April 2021 by Mark Carney (UN Special Envoy on Climate Action and Finance) and the COP26 presidency. It is the world's largest coalition of financial institutions and is committed to transitioning the global economy to net-zero greenhouse gas emissions to achieve the objective of the Paris Agreement to limit global temperature increases to 1.5°C from pre-industrial levels. As a founding member, LSEG plays an active role in GFANZ workstreams and the LSEG CEO, David Schwimmer, is a member of the GFANZ Principals Group, which sets the strategic direction and priorities of the alliance and monitors progress.

### Climate Investment Summit

In 2022, we hosted the Climate Investment Summit in our London headquarters which brought together key members of the Climate Investment Coalition, a group of 41 Nordic and UK pension funds which set out their own climate commitments at COP26 involving allocating USD \$130bn to clean energy and climate investments by 2030.

### Net Zero Financial Service Providers Alliance (NZFSPA)

The NZFSPA is a sector-specific alliance under the GFANZ umbrella which encompasses a global group of financial service providers committed to supporting the goal of net zero in line with the ambition to limit the global temperature increase to 1.5°C from pre-industrial levels. As a diversified financial market infrastructure provider, the Group's engagement in the NZFSPA is coordinated across several workstreams, with an overarching commitment to aligning all relevant products and services to net zero by 2050.

## Engagement with government, public sector and civil society

This year we published LSEG's policy recommendations for sustainability disclosure to help mobilise capital needed to accelerate the transition to net zero and grow the green economy. This calls for economy-wide mandatory disclosure of climate risk and opportunity (in line with TCFD) for private and listed companies. The paper also recommends mandatory disclosure of revenues derived from green solutions, and climate transition plans.



[Read more about our climate disclosure policy recommendations.](#)

### UN Sustainable Stock Exchanges initiative (UN SSE)

LSEG has been a member of the UN SSE since 2014. The SSE initiative is a UN Partnership Programme organised by UNCTAD, the UN Global Compact, UNEP FI and the Principles for Responsible Investment. The SSE's mission is to provide a global platform for exploring how exchanges, in collaboration with investors, companies (issuers), regulators, policymakers and relevant international organisations, can enhance performance on ESG issues and encourage sustainable investment, including the financing of the UN Sustainable Development Goals. The SSE seeks to achieve this mission through an integrated programme of evidence-based policy analysis, facilitating a network and forum for multi-stakeholder consensus-building, and providing technical assistance and advisory services.

Climate Investment Coalition investments by 2030 in USD

# \$130bn

We published LSEG's policy recommendations for climate disclosure to help mobilise capital needed to accelerate the transition to net zero and grow the green economy.



Engagement with government, public sector and civil society continued

### **Green Technical Advisory Group (GTAG)**

LSEG is a member of GTAG which is the technical expert group advising the UK Government on the development of its green taxonomy. It advises on market, regulatory and scientific considerations for developing and implementing a UK taxonomy which facilitates more informed investment decisions. The taxonomy will be a common framework defining what investments can be classed as environmentally sustainable. This will help tackle potential greenwashing, improve understanding of environmental impact to help companies and investors make informed choices, support investment in sustainable projects and boost efforts to tackle climate change.

### **The Climate Financial Risk Forum**

Launched in 2019 the Climate Financial Risk Forum (CFRF) is an industry forum convened by the PRA and FCA. The CFRF aims to build capacity, share best practice and develop practical tools and approaches to address climate-related financial risks. The Forum is chaired by the Bank of England and LSEG is represented on the CFRF alongside banks, insurers, asset managers and pension funds.

### **UK Voluntary Carbon Market Forum**

LSEG is represented on the UK Voluntary Carbon Markets (VCM) Forum which was established in 2021 to convene the considerable expertise of UK organisations across the VCM and financial markets, in support of operationalising the recommendations of the global Taskforce for Scaling Voluntary Carbon Markets (TSVCM) and to ensure that the UK remains a global hub for the VCM. The Forum seeks to ensure a high integrity market ecosystem that aims to develop verifiable, and effective offset solutions. The Forum is chaired by Dame Clara Furse, with the City of London Corporation providing secretariat support.

### **High-Level Working Group on Green Sukuk**

LSEG is a founding member of High-Level Working Group (HLWG) on Green and Sustainability Sukuk with HM Treasury, the Islamic Development Bank, the Republic of Indonesia and the Global Ethical Finance Initiative to develop and promote green and sustainable sukuk through our markets and data, allowing governments, multilateral agencies and companies to access finance in a manner consistent with their faith and values. In 2022, the HLWG launched its first report, which finds that despite the increase in the issuance of green and sustainability sukuk, there is scope for greater capacity building across issuers, investors and professional services to scale the market to serve the Islamic world.

### **Net Zero Delivery Summit**

LSEG initiated, co-created and co-sponsored the Net Zero Delivery Summit, hosted by City of London Corporation at Mansion House in May, which marked the mid-point between COP26 and COP27.

The summit was attended by senior representatives from business, finance and government, focused on moving the climate transition from ambition to action.

### **Transition Plan Taskforce**

The UK Transition Plan Taskforce (TPT) was launched by HM Treasury in April 2022 to develop the gold standard for private sector climate transition plans in the UK. The TPT's work will help to drive decarbonisation by ensuring that financial institutions and companies prepare rigorous transition plans which enable organisations to achieve net-zero targets.

In addition, the UK Government and the Financial Conduct Authority will draw on the TPT's outputs to strengthen disclosure requirements across the UK economy. LSEG is proactive in driving the TPT through our involvement on the Steering Group as well as the Delivery Group.



Engagement with government, public sector and civil society continued

#### **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.

#### **UN Climate Data Utility**

In 2022, LSEG joined the Climate Data Steering Committee, which in September, unveiled recommendations on the design of a new open-data utility, the Net-Zero Data Public Utility.

The utility will address data gaps, inconsistencies, and inaccessibility that slow climate action by making the data openly available to all.

#### **ESG Data and Ratings Code of Conduct Working Group**

As financial services firms integrate ESG into their activities and expand their ESG focused products, they are increasingly reliant on third-party ESG data and ratings services. There is a critical need for ESG data and ratings to be transparent and reliable to ensure their usability such that preparers and users can better understand and apply them. LSEG is a member of a working group convened by the FCA to develop a voluntary code of conduct for the ESG data industry.

#### **Transition Pathway Initiative**

We support the work of the Transition Pathway Initiative (TPI) which assesses the climate transition plans of large corporations. FTSE Russell provides the data which creates the TPI climate management quality score and the LSEG Foundation provided a donation to establish the TPI Global Climate Transition Centre within the London School of Economics and Political Science. This funding is helping to scale TPI research to cover thousands of companies around the world.

#### **Emissions Trading Scheme design**

Our Carbon Research analysts have been contributing to the Emission Trading Scheme set up in EU, suggesting the most efficient strategies for policymakers to curb emissions. The team's inhouse EU ETS modelling tool has been used by the European Commission in the assessment of climate policies. Transferring its expertise, the team has also been invited to advise on the creating of China's ETS.

Since 2021, the team has contributed to the annual China Energy Transformation Outlook report by Energy Research Institute of National Development and Reform Commission, a major publication on China's energy transition pathway.

In 2022, LSEG joined the Climate Data Steering Committee, which in September, unveiled recommendations on the design of a new open-data utility, the Net-Zero Data Public Utility.







# Climate risk management

Understanding climate-related risks and opportunities that may impact LSEG, is essential to the effective management of our business.

---

## In this section

### Physical climate risk assessment



More information can be found on page 25

### Transitional climate risk assessment



More information can be found on page 25

### Processes for identifying and assessing climate-related risks



More information can be found on page 26

### Processes for managing climate-related risks



More information can be found on page 26

### Integration of climate-related risks into overall risk management



More information can be found on page 27

## Physical climate risk assessment

Our previous TCFD report describes the scenarios to assess the potential impacts of climate-related risks and opportunities and developed impact pathways to help us establish the causal links between changes in climate and weather patterns, related national and global policies and the impacts on the business.

We continue to build capability in this area, and over the course of 2022 we developed our own assessment modelling capability.

We are evaluating emissions from our property portfolio utilising the gross floor area of our buildings to represent our footprint. This effort is being trialled, and we plan to expand this to allow us to make informed decisions on capital allocation and project selection, to efficiently align efforts with our net zero target and ambition.

Building on our initial work on physical climate risk assessment, we continue to carry out extensive reviews of our property portfolio, including the initiation of detailed environmental assessments of our property locations, work which will continue in 2023, and will feed into our mitigation response across our portfolio.

This will involve a review of our entire property portfolio at a country and regional level, to identify areas of higher risk for incidents, such as floods, wildfires, wind, earthquakes and hurricanes. This work will look at the potential severity and frequency of climate-related perils, and for regions and countries where there is a significant risk, a thorough site assessment will be undertaken to understand the specific site risk and appropriate mitigation activities.

Building on our longer-term global exposure analysis, which considers exposure level and ranks locations based on risk levels identified, we plan to conduct a portfolio level analysis of exposure to natural hazards and climate change. This will use specific climate scenarios over discrete time horizons, and alongside risk, we will consider our exposure level, hazards and controls such as critical equipment location.

## Transitional climate risk assessment

### Products and services

We believe sustainability is core to our growth ambition, in line with our strategic objective to be a strategic enabler of sustainable economic growth.

We have worked extensively across our business, and with our customers, to develop products and services to meet market needs. To this end, we have conducted a thorough review of the sustainable finance and investment market landscape to identify future market needs and opportunities for LSEG. This work will help to shape the future development of our products and services.

### Operational transitional risk assessment

We have made progress in developing divisional-level carbon emission reporting, allowing the business to develop a granular view of travel carbon emissions. In 2023, we aim to develop our reporting capability, which will allow us to review the potential allocation of departmental carbon budgets ahead of the potential application of an internal carbon pricing strategy.

### Regulatory environment

LSEG monitors the evolution of regulatory regimes in the jurisdictions in which we operate. We engage with a range of relevant stakeholders to understand the potential impacts of climate-related policy and regulation on our business.

---

We have made significant progress in developing divisional-level carbon emission reporting, allowing the business to develop a granular view of travel-related carbon emissions.



## Processes for identifying and assessing climate-related risks

Climate and other sustainability-related risks and opportunities are embedded within our risk taxonomy and our enterprise risk management framework. All business functions within the Group are responsible for identifying risks for inclusion in LSEG's risk register and these may be sustainability-related, including climate risks. Risks and opportunities with a potentially substantial impact will be raised and factored into business strategy and operations. Principal risks are those considered to have the highest potential financial or strategic impact and are defined based on magnitude of financial costs to the Group, as well as reputational impact.

## Processes for managing climate-related risks

Responsibility for management, mitigation and adaptation of climate-related risks rests with the business units and corporate functions. This process is supported by the Group Risk function and by the governance groups which provide oversight, independent assessment and, as appropriate, challenge back to the business.

LSEG's risk appetite is cascaded through each business unit and corporate function, ensuring that risk limits are set and managed appropriately. The uncertainty of many aspects of climate change means we need to have an adaptive risk approach to monitor, prepare for and minimise LSEG's exposure to climate risks. Our approach for sustainability risk is aligned with our existing risk process for non-financial risks. We recognise that residual risks could always be present due to climate uncertainty, thus ongoing climate risk monitoring through scenario analysis will be essential as the climate changes, to allow for a continually adaptive response.

## Integration of climate-related risks into overall risk management

Sustainability risks, including those related to climate are incorporated into risk-management processes and procedures such as those within the Enterprise Risk Management Framework (ERMF), with key sustainability risks featuring in the Risk Taxonomy at a strategic level. The Group Risk function is represented at every level of our sustainability governance structure.

We continue to enhance our sustainability-related risk management. In 2022, we reviewed the Group's risk taxonomy, and we reviewed roles and responsibilities for sustainability risk. This will ensure consistency and enhance management of sustainability-related risks.

Looking ahead, we will continue to integrate climate risk into our risk management frameworks and will enhance our use of scenarios to inform future strategic decisions. This will help us with decisions related to our property footprint and the development of products and services, which will inform our financial planning and strategic decision-making for the medium to long term.





# Metrics and targets

We have set science-based targets to reduce our emissions by 2030.



## In this section

### Governance, business and operational metrics and targets



More information can be found on page 29

### Business and operational metrics



More information can be found on page 29

### GHG emissions metrics



More information can be found on page 29

### Carbon credits



More information can be found on page 30

**Business and operational metrics and targets**

We published our first Climate Transition Plan in March 2022, setting out how we aim to achieve our targets which are approved by SBTi (Science-Based Target initiative) against a 1.5°C trajectory.

The LSEG Board approved these targets and the Climate Transition Plan. At the LSEG AGM in April, we invited our shareholders to vote on our Climate Transition Plan, and we received 98.6% support.

**Targets****Carbon reduction**

Halve our Scope 1, Scope 2 and Scope 3 emissions (fuel and energy-related activities, business travel and employee commuting) against a 2019 baseline by 2030.

Reduction by 2030

**-50%****Supplier engagement**

Engage with suppliers responsible for 67% of our Scope 3 emissions (purchased goods and services) to set science-based targets by 2026.

Scope 3 emissions (purchased goods and services) to be covered by science-based targets by 2026

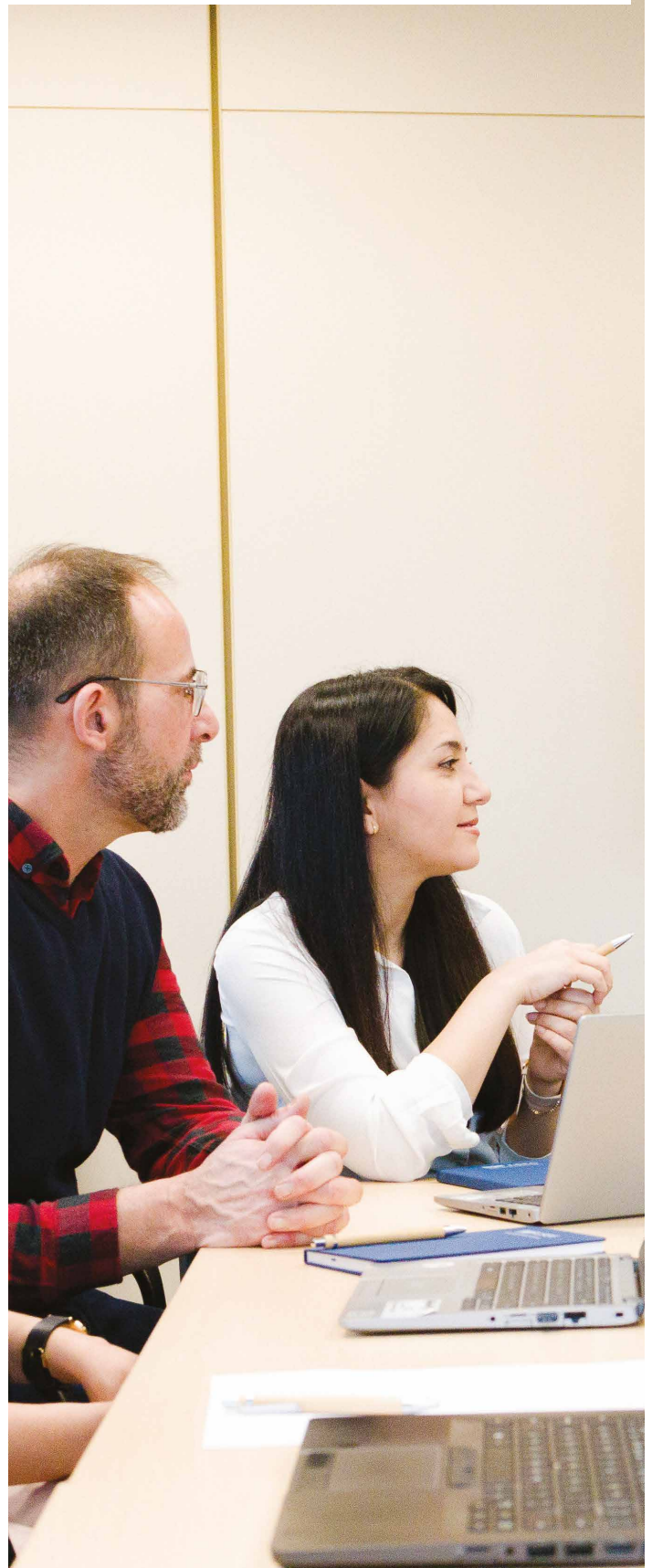
**67%****Ambition**

Our long-term ambition is to achieve net-zero by 2040.

Emissions by 2040

**Net-zero****GHG emissions metrics**

Read more about our emissions metrics here.



# Carbon credits

LSEG recognises that carbon offsets – however credible – do not replace the urgent need to reduce emissions along a trajectory aligned with climate science. Reducing our emissions is the primary focus of our decarbonisation strategy. Nevertheless, on the road to net zero, we also recognise the need to take responsibility today for the emissions that we are generating in our day-to-day activities. Quality certified offset projects are a vital way for us to support nature-based solutions and take responsibility for our emissions now as we work to our near-term science-based targets and long-term net-zero ambition.

### Our action in 2022

LSEG is a certified CarbonNeutral® company in accordance with The CarbonNeutral Protocol, the leading global framework for carbon neutrality. This means we have offset our emissions from Scope 1, Scope 2 and Scope 3 (business travel).

In order to source high quality carbon offsets, we have worked with leading experts in the voluntary carbon market, Climate Impact Partners, to ensure that all the projects we support, are at a minimum:

- Verified to industry recognised carbon-crediting programmes, such as the Verified Carbon Standard (VCS) and Gold Standard.
- Support a robust and credible approach which aligns with the Carbon Neutral® Protocol.
- Considerate of the impacts in the communities and locations we operate, ensuring that those most impacted by climate change on the ground see the benefits.

### Projects we support

Previously LSEG has achieved carbon neutrality by investing in offsets that primarily avoid or reduce emissions. In 2022, our carbon offset portfolio included a mixture of both carbon removal and carbon avoidance projects. It is imperative that we support carbon removal projects while also protecting existing carbon sinks through avoided emissions, for example conserving existing forests and grasslands. Some of the projects supported in 2022 are summarised in this section.

### Looking ahead

In addition to maintaining our status as a carbon neutral company, we will continue exploring options for removals to support us in our path to net zero – we aim for 100% of unavoidable emissions to be neutralised with an equivalent amount of high-quality carbon removals by 2040. In 2023, we will also be exploring how we can utilise LSEG's Voluntary Carbon Market to offset our residual or unavoidable emissions on our net-zero journey.



#### Project

Three Rivers Grassland Restoration

#### Type

Carbon offset: Removals | Nature-based solution | Grasslands

#### Location

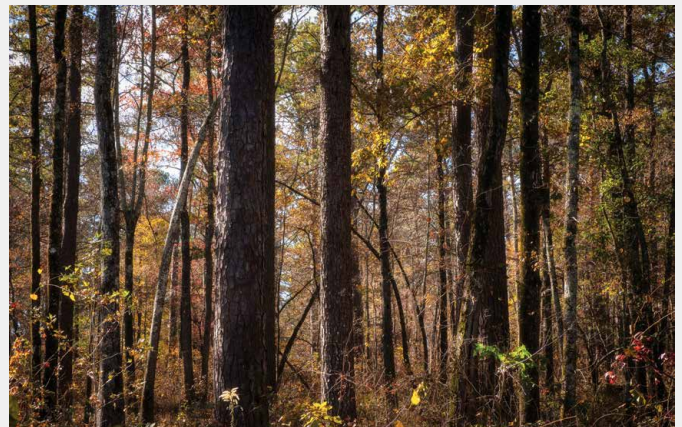
China

#### Standard(s)

VCS, CCB

#### Description

The plateau region of the Yangtze, Yellow and Lancang Rivers, also known as the Three Rivers, has suffered grassland degradation over the past few decades due to overgrazing and warming. Thriving grasslands are important for stabilising soils and slowing the snowmelt from nearby mountains. The project removes carbon from the atmosphere by restoring the plateau's degraded grasslands. Located in the central Chinese province of Qinghai, this project is restoring over 160,000 hectares of degraded grasslands by seeding three species of native grass.



#### Project

Mississippi Valley

#### Type

Carbon offset: Removals | Nature-based Solutions | Afforestation and Reforestation

#### Location

USA

#### Standard(s)

ACR

#### Description

The project aims to reforest one million acres of the Lower Mississippi Alluvial Valley, an area which was once covered by 22 million acres of dense forest. As a result of sustained deforestation and agricultural land use conversion over the last 50 years, less than 20% of this forest remains. Landowners who voluntarily enrol in the project commit to planting and protecting trees, reducing an estimated 200 tonnes CO<sub>2</sub> equivalent per acre. The project creates revenue for participants, brings jobs to the area, and enhances local water quality and biodiversity.



# Sustainability governance

Strong oversight and governance is an essential component of how we execute our sustainability strategy.

---

## In this section

### Board oversight and reporting



More information can be found on page 32

### Roles, responsibilities and accountability



More information can be found on page 32

### Culture



More information can be found on page 33

### Incentives and remuneration



More information can be found on page 33

### Skills, competencies and training



More information can be found on page 34



## Board oversight and reporting

The LSEG Board has ultimate oversight of the organisation's sustainability strategy, including its management of climate-related risks and opportunities, ensuring the long-term success of the Company and that stakeholders' expectations are understood and met. Sustainability, including climate, is considered by the Board at least twice a year. Topics covered will vary but include both our sustainable finance and investment products and services as well as our progress against our near-term science-based targets across our operations and supply chain. In 2022, the Board discussed sustainability on three separate occasions.

The Board Risk Committee has oversight of the Group's Risk Framework and risk appetite. Sustainability risks, including, those related to climate change, are embedded in and raised through this forum. In 2022, the Board Risk Committee held a session on sustainability risk and the Audit Committee held a session on regulatory reporting requirements relating to climate.

## Roles, responsibilities and accountability

Group	Responsibility	Chair
<b>Executive Committee</b>	This Committee is responsible for setting the strategic ambition for the Group regarding sustainability and has overall accountability for LSEG's sustainability strategy and performance, including climate-related performance.	Group Chief Executive
<b>Executive Risk Committee</b>	This Committee is responsible for the Group's overall approach to risk, defining risk management processes, policy frameworks, and defining the Group risk appetite for Board approval. This includes sustainability-related risks, including those posed by climate change.	Group Chief Risk Officer
<b>Group Sustainability Committee</b>	This Committee reports to the Executive Committee and is chaired by the Chief Corporate Affairs and Marketing Officer. It oversees and directs the Group's sustainability strategy and programme and it helps coordinate the work undertaken across the Group to ensure the Group's sustainability objectives are achieved. The oversight of our climate targets sits with the Group Sustainability Committee.	Chief Corporate Affairs and Marketing Officer
<b>Climate Transition Steering Committee</b>	The Climate Transition Steering Committee is responsible for providing strategic direction on the Group's climate strategy and monitoring progress against targets, and it reports to the Group Sustainability Committee.	Group Head of Sustainability and Group Head of Operations
<b>The Group Risk function</b>	Risk is represented in every tier of our sustainability governance structure, which ensures that risks and opportunities identified in these forums are duly assessed for their relevance and materiality in a timely manner. Sustainability-related risks and opportunities, including those arising from climate change, are embedded within our risk taxonomy and Enterprise Risk Management Framework (ERMF). In addition, Risk and Control Owners have direct access to the Sustainability Risk team and are provided with a dedicated climate and sustainability-risk-training pack, updated at least annually and available within the risk register database for reference and support.	Group Chief Risk Officer
<b>Group Sustainability team</b>	The Group Sustainability team are responsible for defining and shaping the Group's sustainability strategy, and working with a wide range of stakeholders to deliver on the Group's ambition. The team is also responsible for the Group's climate strategy, including the Climate Transition Plan, ensuring that we contribute to the acceleration of the transition to net zero. Other functions involved in the day-to-day operational management of climate-related activities include the property team, the travel team and the procurement team.	Group Head of Sustainability
<b>Business divisions and corporate functions</b>	One of the Group's six strategic objectives for 2022 was sustainability and this continues to be the case in 2023. This means that all business divisions and corporate functions must adopt an appropriate divisional strategic objective on sustainability.	

## Culture

Sustainability is explicit in LSEG's purpose, and is one of our six Group Strategic Objectives, which is reflected in our culture, leadership behaviours and increasingly our employee experience. For example, it is reflected in our employee benefits, such as sustainable pension fund options, personal carbon offsetting, and electric car and bicycle subsidy schemes. In our workplaces and facilities, this means adopting environmental practices to reduce our footprint. This is further demonstrated in how we work with customers, suppliers and the wider market to promote sustainable finance solutions.

## Incentives and remuneration

The link between sustainability performance and executive pay is an important issue for shareholders. We reward high performance that leads to business sustainability, as well as linking incentives for Executive Directors to sustainability performance. Variable pay for all employees is linked to the delivery of our Group Strategic Objectives, one of which commits LSEG to being a strategic enabler of sustainable growth.



## Skills, competencies and training

Our climate ambition requires appropriate expertise in LSEG to deliver across a range of different factors. This includes our operational targets as well as our role within financial markets. This is why we are working across the business to ensure our people are adequately skilled and understand the importance of sustainability within their daily roles.

Our Group Sustainability team engages across the business to support the delivery of our climate ambition.

In 2022, the team worked in key areas of the business to raise awareness of the strategy through presentations at town halls, team meetings, divisional offsites and at large-scale internal events. We have also taken a first step to understand employee sentiment on sustainability, with a specific question in our global employee survey. This information will support our engagement and education approach in 2023 as we roll out formalised learning programmes.

Sustainability-related training will be tailored to individual business functions and will be integral in ensuring all employees are equipped to deliver on our ambition. Underpinning this learning will be an increase in communications tools and channels for all employees across the business to better understand LSEG's role, strategy, and market position on sustainable growth.

Our governance structure ensures appropriate oversight, challenge and approval of sustainability and climate-related decisions and reporting. The effectiveness of our governance committees is bolstered with briefings on sustainability topics delivered to the Board, Executive Committee and other senior leaders across the business. Group Sustainability is working with the Company Secretary and our Learning team to create and deliver a learning plan that covers all relevant internal audiences, including our governance groups. The learning plan will incorporate sustainability topics relevant to roles as well as key risks for both the business and industry.

---

Our Group Sustainability team engages across the business to support the delivery of our climate ambition.



---

Sustainability-related training will be tailored to individual business functions and will be integral in ensuring all employees are equipped to deliver on our ambition.



For more information  
please visit our website  
[www.lseg.com](http://www.lseg.com) or email  
[sustainability@lseg.com](mailto:sustainability@lseg.com)

