



**LSEG**

OPEN MAKES MORE POSSIBLE

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London Stock Exchange Group plc  
Annual Sustainability Report 2023

Partnering  
to secure  
a sustainable  
future

LONDON

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## See our companion Sustainability Databook for all performance figures



## Other reports, policies and documents

Other documents which should be read alongside this Annual Sustainability Report include:

- LSEG Sustainability Databook
- LSEG Annual Report and Accounts 2023
- Modern Slavery Statement
- Sustainability-related policies, statements and reporting frameworks available on [lseg.com](http://lseg.com)



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

## 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.

## Our purpose

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

## Our business

We are leaders in data and analytics; capital formation and trade execution; clearing and risk management. Our businesses are discussed in depth in our Annual Report and Accounts on pages 34-43.

## Our customers

We are dedicated partners to our customers across the entire trade lifecycle, with an open model and commitment to excellence. We serve 45,000+ customers in 170 countries.

## Our people

Our 25,000+ strong workforce are based in over 60 countries. The breadth of our offering requires our people to have a diverse range of specialisms, from capital markets to data, technology, clearing, risk and beyond.

# Introduction

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## CEO introduction



As we look to 2024, there is more to be done to secure a sustainable future, and LSEG is committed to doing its part every step of the way.

**David Schwimmer**  
Chief Executive Officer

The vital social and economic role that LSEG plays is key to enabling sustainable growth for our customers, partners and the communities we operate in. During 2023, we focused on delivering our sustainability strategy through three channels: market engagement and policy advocacy; products and services; and operations.

This year, we supported significant efforts to drive an effective climate transition. In June, we hosted the International Sustainability Standards Board (ISSB) at our headquarters in London to mark the launch of its inaugural sustainability standards, IFRS S1 and IFRS S2. At the event, the Principles for Responsible Investment, a network of more than 5,000 financial institutions, joined LSEG in calling for the global, economy-wide adoption of the ISSB's standards by 2025.

We are also deeply committed to using our position at the heart of financial markets to contribute to the development of effective policy frameworks. During the year we supported the development of the UK's Transition Plan Taskforce (TPT) Disclosure Framework, which could play a key role in facilitating more consistent climate-related information and transition planning across the economy. We also provided guidance throughout the development of the Net-Zero Data Public Utility (NZPDU), as a member of the Technical Advisory Board, which was launched at COP28. This global, centralised and open repository of verifiable private sector climate transition-related data will enable a wide range of stakeholders to more effectively monitor and advance progress toward net zero.

2023 was a significant year for capital allocation to the green economy and LSEG played a major role in growing this part of the market. By the end of the year, £232 billion had been raised by bonds on our Sustainable Bond Market since inception and 110 companies and funds had the London Stock Exchange's Green Economy Mark. FTSE Russell also launched the UK ESG-Risk Adjusted Index Series and the FTSE Fixed Income EU Climate Benchmarks series to help investors integrate sustainability into their investment strategies.

While LSEG is very committed to enabling sustainable growth through our external initiatives and offerings, we also have a strong focus on embedding sustainability within our business. LSEG's new values, which were launched in September, will further strengthen our culture and in 2023, we exceeded our goal of maintaining a minimum of 40% women in our senior leadership community, closing the year at 42%. However, more progress is needed with respect to underrepresented ethnic and racial groups, in particular in our leadership community.

With respect to our climate transition plan we have engaged with suppliers extensively, ending the year with 44% of our Scope 3 emissions (purchased goods and services) covered by a science-based target, against our 2026 goal of 67%. In relation to operational emissions, we've seen a decrease in our Scope 1 and 2 emissions compared to 2022, but an increase in emissions from business travel and employee commuting. However, we remain well positioned relative to our 2030 targets and continue to take steps to reduce our emissions from our operations.

I am pleased with our progress this year but as we look to 2024, there is more to be done to secure a sustainable future, and LSEG is committed to doing its part every step of the way. We look forward to updating you on our progress.

**David Schwimmer**  
Chief Executive Officer

Percentage of Scope 3 (purchased goods and services) emissions with a science-based target

44%

Capital raised on our Sustainable Bond Market since inception

£232bn



Proportion of women in senior leadership roles

42%

## Sustainability approach

Our approach to sustainability is guided by LSEG’s purpose to drive financial stability, empower economies and enable customers to create sustainable growth. This shapes everything we do and helps us to deliver long-term value for our stakeholders.





We engage with our stakeholders – including our customers, colleagues, suppliers, investors and regulators – to understand what sustainability issues are most important to them. This helps us evolve our approach, to ensure it remains focused on material topics.

### Key sustainability issues

To help us identify priority sustainability issues we commissioned an independent materiality assessment in 2021. This sought views from key stakeholder groups including customers, colleagues, suppliers and investors. It also reflected a wider review of the regulatory landscape applicable to LSEG. Further detail about the assessment can be found on page 8 of our Annual Sustainability Report 2021. Material sustainability issues are those which can affect our long-term value creation as they can affect our business strategy, revenues, operating costs, business continuity and reputation. We are updating our materiality assessment, considering the impact of LSEG on society and the environment, as well as the risks and opportunities to our business from sustainability. We will share the results of this in future reports.

A full list of sustainability issues is included in the 2021 report, however the four of greatest significance include talent attraction and retention, climate risk management, sustainable finance and investment, and information security and data privacy.

### Key sustainability issues

Description	Relevance	Further detail
<b>Talent attraction and retention</b> LSEG’s approach to recruitment and retention, including learning and development opportunities and activities that support colleague satisfaction and foster a positive workplace culture.	Our ability to attract and retain talent impacts the effective execution of our business strategy. Creating a culture and working environment where our colleagues can thrive is vital to the long-term success of the business.	 <b>See page 25</b>
<b>Climate risk management</b> LSEG’s preparedness for the impacts of climate change on the business including its response to climate-related risks and opportunities, understanding and preparedness for impacts (financial and economic loss, physical pressures on assets and supply chains) and response to legislation.	Management of physical and transition risks which could create operational costs, regulatory costs and business continuity issues. Climate change also presents opportunities for the Group, most notably to provide sustainable finance and investment products and solutions for customers.	 <b>See page 14</b>
<b>Sustainable finance and investment</b> LSEG’s ability to support our customers’ need for sustainable finance and investment solutions including sustainability and climate data, analytics, indexes and capital raising.	LSEG’s customers’ needs are evolving in relation to sustainability, as they require market infrastructure and data to help them achieve their sustainability goals. This creates an opportunity for LSEG to evolve its products and solutions and be a trusted partner to our customers.	 <b>See page 8</b>
<b>Information security and data privacy</b> LSEG’s handling of customer and commercial data in a secure and safe way, including management of LSEG’s exposure to privacy regulations and information security.	Safeguarding customer data and ensuring information security helps to protect the Group against the risk of financial crime, bribery and corruption and reputational risk.	 <b>See page 36</b>

## Sustainability framework



Building on our materiality assessment, our sustainability framework identifies three priority themes where we seek to amplify our impact through our customer solutions, market engagement, operations and supply chain and our community work. Within each theme we have three supporting objectives. These are delivered through a blend of our products and solutions, market engagement and policy advocacy, and our operations.

Priority themes	Supporting objectives	Products & solutions	Market engagement & policy advocacy	Operations
<b>Accelerating the just transition to net zero</b> LSEG uses its market position, capabilities, products and services to support and accelerate a just climate transition.	<b>Transition capital</b> Enable greater access to capital for climate transition.	✓		
	<b>Data and disclosure</b> Improve information needed to underpin climate transition.	✓	✓	
	<b>Reducing our impact</b> Fulfil our science-based climate targets.			✓
<b>Enabling the growth of the green economy</b> LSEG has a pivotal role in helping capital to flow towards sustainability solutions to grow the green economy.	<b>Green finance</b> Provide the market infrastructure needed to finance sustainability solutions.	✓		
	<b>Research and data</b> Leverage our research and data capabilities to support the growth of the green economy.	✓	✓	
	<b>Engagement</b> Support market collaboration, innovation and public policy to scale green economic growth globally.		✓	
<b>Creating inclusive economic opportunity</b> We empower people and communities by championing inclusion and creating access to education, employment and enterprise.	<b>Inclusive culture</b> Embed an inclusive culture at LSEG that values diversity.			✓
	<b>Inclusive markets</b> Promote inclusion and diversity in the market more widely.	✓	✓	
	<b>Economic empowerment</b> Empower communities through education, employment and enterprise opportunities.		✓	✓

## Sustainability governance

LSEG has established a robust governance structure which oversees the Group's sustainability approach.

### LSEG Board

The Board is composed of the Chair, two Executive Directors, seven independent Non-Executive Directors and two Non-Executive Directors. More detail about the Board can be found in the Annual Report and Accounts. Sustainability is embedded into the Matters Reserved for the Board and typically the Board agenda includes sustainability at least twice a year.

The LSEG Board has ultimate oversight and approval of the organisation's sustainability strategy, including its management of climate-related risks and opportunities and its climate transition plan. The Board is responsible for holding executive management to account for the delivery of its sustainability strategy.

During 2023 sustainability was on the Board agenda twice, covering key market trends, progress against our sustainability strategy and sustainability reporting.

### Board Risk Committee

The Board Risk Committee is responsible for overseeing and advising the Board on the current risk exposures and profile of the Group including sustainability risks, emerging risks and future risk strategy and risk culture. The Terms of Reference can be found here: <https://www.lseg.com/en/about-us/corporate-governance>

During 2023, sustainability was on the Risk Committee agenda twice, covering sustainability risk and greenwashing risk.

### Board Audit Committee

The Board Audit Committee is responsible for overseeing the Group's corporate reporting which includes sustainability-related disclosures. In 2023, the Audit Committee received training on climate-related reporting requirements and future regulations. The Terms of Reference can be found here: <https://www.lseg.com/en/about-us/corporate-governance>

During 2023, sustainability was on the Audit Committee agenda twice, covering climate-related reporting and third-party assurance of sustainability reporting.

### Board Remuneration Committee

The Board Remuneration Committee is responsible for overseeing LSEG's approach to linking executive compensation to sustainability as a Group Strategic Objective (GSO). The Committee is chaired by an independent Director. The Terms of Reference can be found here: <https://www.lseg.com/en/about-us/corporate-governance>

### Board Nomination Committee

The Board Nomination Committee is responsible for ensuring the Board retains an appropriate balance of skills to support the strategic objectives of the Group. The Terms of Reference can be found here: <https://www.lseg.com/en/about-us/corporate-governance>

### Executive Committee

The Executive Committee is responsible for setting the Group's sustainability ambition and strategy, monitoring progress and approving sustainability reporting. The Committee is chaired by the Group CEO. The Executive Sponsor for Sustainability is the Group Corporate Affairs and Marketing Officer. During 2023, sustainability was on the Executive Committee agenda three times covering sustainable finance strategy, sustainability reporting and Group and Divisional Strategic Objectives.

### Executive Risk Committee

This is a sub-committee of the Executive Committee, which is responsible for the consideration and oversight of risk matters, including those which relate to sustainability. The Committee focuses on risk culture, risk profile oversight, risk policy oversight, risk appetite and risk disclosure and reporting. The Committee is chaired by the Group Risk Officer.

During 2023, sustainability was on the Executive Risk Committee agenda twice covering greenwashing and the Sustainability Risk Framework.

### Group Sustainability Committee

This is a sub-committee of the Executive Committee, responsible for providing direction and oversight of the Group's overall sustainability strategy and programmes, including LSEG's Climate Transition Plan. The Committee incorporates strategic input from the Executive Committee, to which the Committee reports. It oversees and helps coordinate the work undertaken across the Group to ensure the Group's sustainability objectives are achieved. The Committee is chaired by the Chief Risk Officer. The Committee meets at least four times a year, or more frequently as required. The Committee reports to the Executive Committee half yearly and the Board at least twice a year.

### Climate Transition Steering Committee

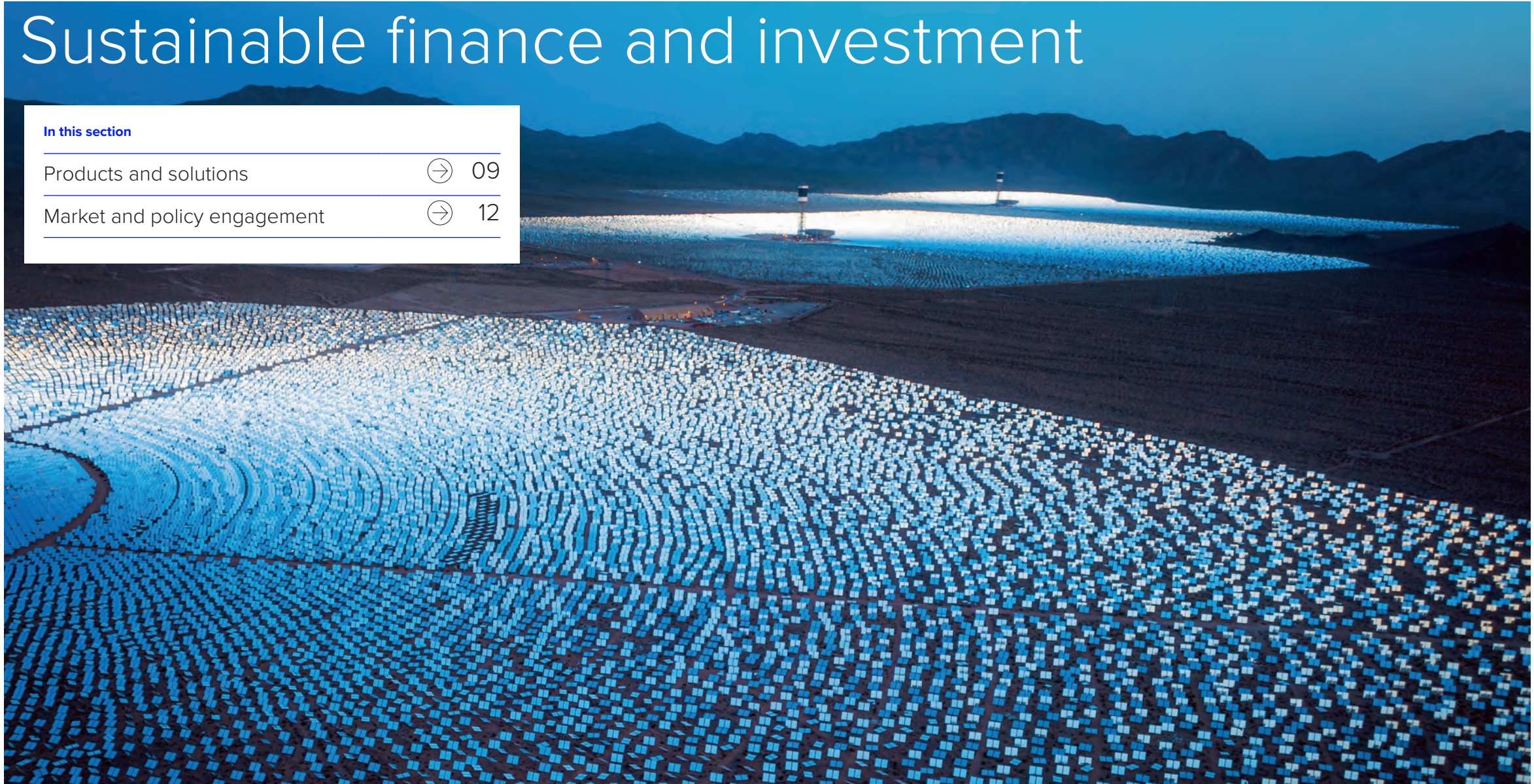
The Climate Transition Steering Committee provides strategic direction and oversight of the Group's climate transition strategy. It monitors progress against LSEG's climate-related policies, objectives and targets and as appropriate recommends updates to the Group's climate strategy. The Committee is co-chaired by the Group Head of Sustainability and the Group Head of Operations and Corporate Functions. The Committee meets monthly and reports into the Group Sustainability Committee.

# Sustainable finance and investment

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## Products and solutions

LSEG seeks to meet customers' sustainability needs through the provision of sustainable finance and investment products and solutions which span data, analytics, indexes, capital raising and corporate services. For over 20 years, we have been playing a leading role in sustainable finance – bringing together expertise powered by transparent, robust industry data, for our customers and market participants.

Our customers can access comprehensive cross-asset data and analytics to inform their decision-making, manage risks, raise capital and navigate new sustainability regulations. Examples of some of our sustainable finance and investment products and solutions are shown in this section.

### Sustainability data

We provide sustainability data on ESG topics covering equity, corporate debt, private markets, sovereigns, funds and other asset classes.

Our climate and ESG data sets and analytics solutions are designed to inform business and investment decision-making covering public equities, as well as funds, fixed income and sovereigns, renewables and carbon markets data and sustainable finance bonds data. Our solutions focus on delivering transparent and robust data and analytics across a range of sustainable finance and investment challenges, including climate transition and regulation.

Building on our extensive multi-asset class data sets, we provide:

- ESG data on 16,000 public and private companies
- ESG data on 700,000 bonds
- Green revenues
- Lipper funds solutions
- EU taxonomy and SFDR solutions to support regulatory reporting requirements; and
- Beyond Ratings covering sovereign ESG assessment and risk management.

ESG data on public and private companies

16,000

Green revenues: number of companies covered

18,000

FTSE Russell ESG indices

121

LSEG Workspace is a client-centric desktop solution providing access to financial data, news and content in a highly customised workflow experience, through which LSEG provides a rich ESG data set as well as analytical and regulatory reporting capabilities.

FTSE Russell's 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 model is applied to over 98% of total global (equity) market capitalisation, capturing over 18,000 small, medium and large public companies across more than 50 developed and emerging markets.

Our green revenues data model is highly aligned with the EU taxonomy, and in 2023 we published our fourth annual update on the size of the green economy globally. LSEG's data and analytics division also provides customers with an EU taxonomy data solution.

### Sustainability-related indices

FTSE Russell maintains a growing range of ESG indices, with 121 as at the end of 2023. These include the FTSE TPI Climate Transition Index series, which captures assessments of corporate decarbonisation commitments by the Transition Pathway Initiative (TPI), and exposure to green revenues and carbon risks.

Other examples include the FTSE EU Climate Benchmark Index series, where the weights of index constituents vary to account for risks and opportunities associated with the transition to a low carbon economy. Similarly, FTSE Russell's climate sovereign indexes – the Climate WGBI/EGBI range – capture transition, physical and resilience risks related to climate transition, thereby enabling fixed income investors to manage these exposures at the portfolio level. To gain exposure to the green economy, investors can access the FTSE Environmental Markets Index Series and FTSE Russell Green Revenue Indexes.

## Products and solutions continued

### Capital raising

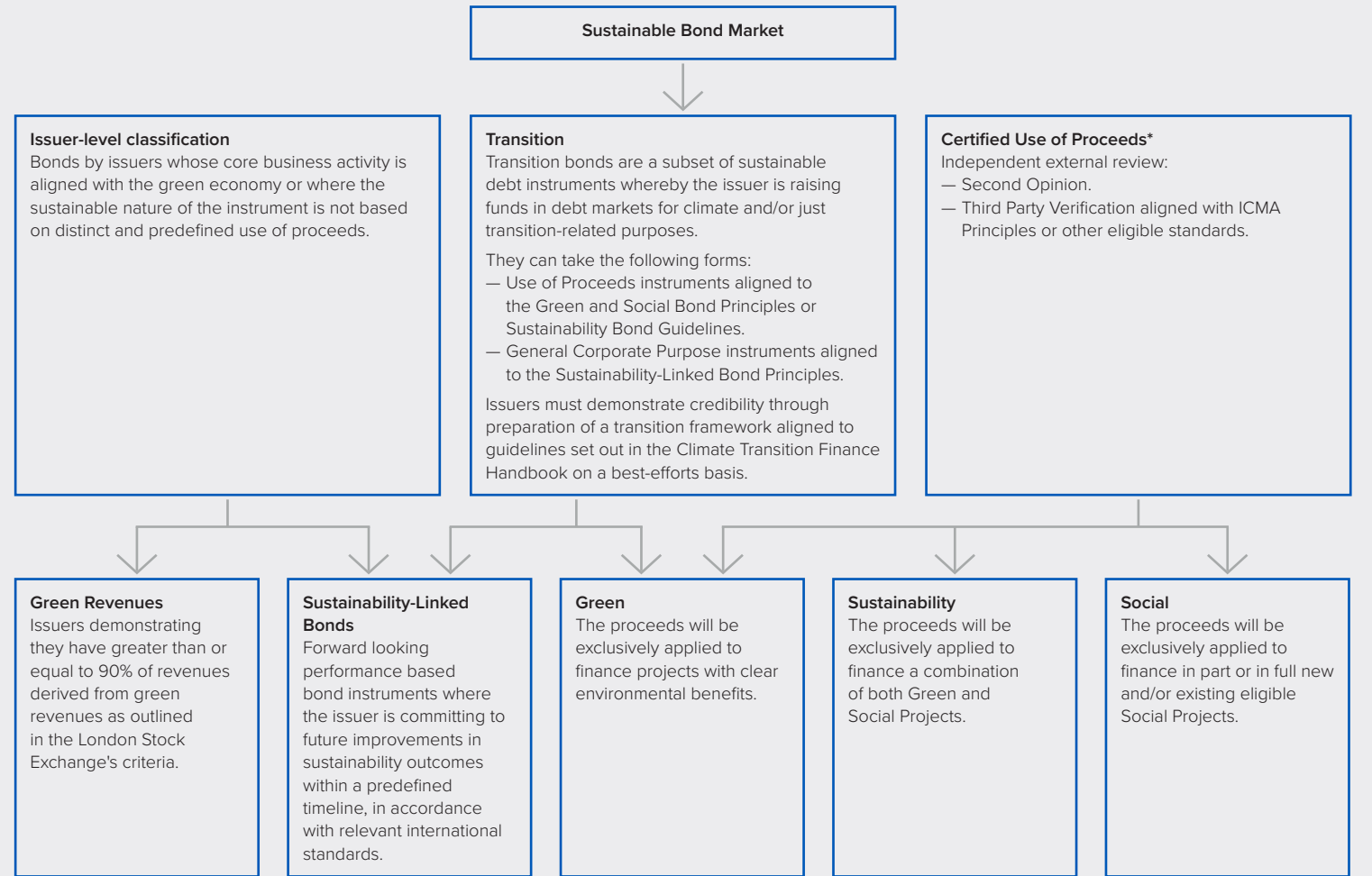
We provide trading venues and markets to enable sustainability-related capital raising.

**Sustainable Bond Market:** Our dedicated Sustainable Bond Market (SBM) offers issuers a wide range of opportunities to raise capital and improve access, flexibility and transparency for investors. The SBM has a number of segments including Green, Sustainable, Social and Transition. In 2023, over £64 billion of capital was raised by new and existing bonds on the SBM through 119 issuances. In total, since inception, £232.3 billion has been raised by bonds on the SBM.

Issuers can raise capital on the Transition segment to fund climate transition plans. Eligible issuers must publish a transition framework prepared in accordance with the ICMA Climate Transition Finance Handbook; disclose in line with the principles outlined by the Task Force on Climate-related Financial Disclosures or another global recognised standard, or commit to do so within a reasonable timeframe; confirm their commitment to the goals of the Paris Agreement, including approved targets to achieve net zero emissions by 2050; and commit to report annually on their transition performance.

**Green Sukuk:** Closely resembling green bonds, Green Sukuk is a Shari'ah compliant financial instrument which provides a significant opportunity within Islamic finance to raise funds by sovereign nations, financial institutions and corporates for projects that have a positive climate impact. As a global centre for Islamic finance, there has been growing activity and appetite for Green Sukuk issuance in London's markets.

### Sustainable Bond Market



\* Please refer to the SBM Factsheet for detailed technical information

## Products and solutions continued

**Voluntary Carbon Market:** The London Stock Exchange Voluntary Carbon Market (VCM) was launched to address the urgent need to scale global voluntary carbon markets. While the VCM is at an early stage of its development, it is a potentially significant way to enable funds and operating companies to raise capital to be channelled into emissions reduction projects that are expected to generate carbon credits.

We see several benefits for corporate decarbonisation plans, as companies could offset emissions through investing in VCM funds or in companies that generate carbon credits as dividends. We require specific disclosures related to project development and performance within our admission and disclosure standards which can help investors understand the investment they are making.

### Corporate services

We provide a range of services for corporate customers, for example the Climate Governance Tool is available to over 450 corporates listed on the London Stock Exchange. This tool provides an assessment of a company's approach to climate management relative to peers, alongside access to resources to help them enhance and develop their climate management.

We also provide companies and funds with the Green Economy Mark which is provided to issuers where 50% or more of their revenue is derived from environmental products and services. In 2023, we published the new cohort of companies and funds receiving the Green Economy Mark, which now total 110, amounting to £159.8 billion market capitalisation, equivalent to 3% of the equity listed on the London Stock Exchange.

**SEIZING THE GREEN**

# GROWTH

**OPPORTUNITY**

**LONDON STOCK EXCHANGE**  
An LSEG Business

**SUSTAINABLE GROWTH**

In 2023, we published the fourth edition of our Green Economy Report, including insights into the role of financial markets in the global green economy, trends in sustainable investment in key sectors and technologies, and details on how investors are shifting their focus towards sustainable investment strategies.

## Market and policy engagement

LSEG plays an active role in shaping the policy and operating environment. A particular area of focus for us is around corporate sustainability disclosure; in 2022, we published our policy recommendations on the adoption of global reporting standards. The recommendations can be found on [lseg.com](https://lseg.com).

LSEG is also involved in numerous groups which support global policy and market developments.

### Glasgow Financial Alliance for Net Zero

We continued to be involved in the Glasgow Financial Alliance for Net Zero (GFANZ) which is a coalition of financial institutions committed to supporting the global economy to transition to net zero. As a founding member, LSEG plays an active role in GFANZ workstreams and LSEG's CEO, David Schwimmer, is a member of the GFANZ Principals Group, which sets the strategic direction and priorities and monitors progress.

### Net Zero Financial Service Providers Alliance

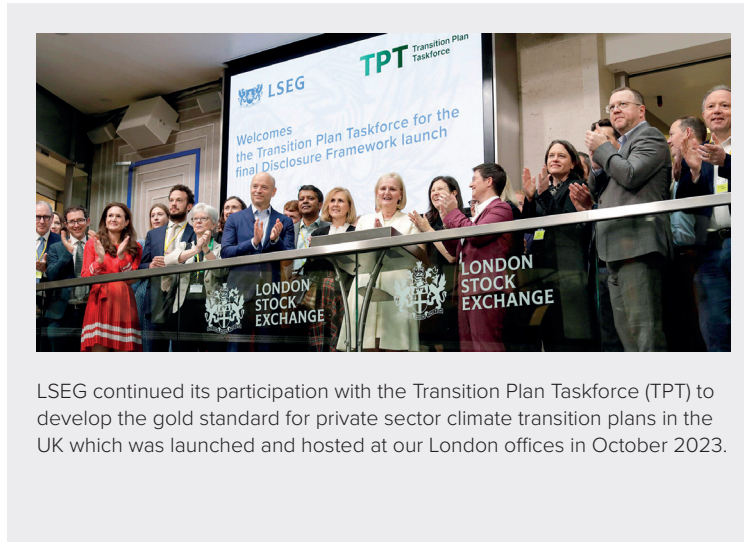
We also continued our membership of the Net Zero Financial Service Providers Alliance (NZFSPA) which is accredited by the UN Race to Zero campaign and is a member of GFANZ. This encompasses a global group of financial service providers committed to supporting the goal of net zero in line with the ambition to limit the global temperature increase to 1.5°C from pre-industrial levels.

As a diversified financial market infrastructure and data provider, LSEG's engagement in the Alliance is coordinated across several workstreams including Research & Data, Indexes, and Stock Exchanges.

During the year the Alliance worked to establish frameworks for target setting in relation to products and services, and engagement, aligned with net zero. Alliance members are required to interpret the frameworks into company-specific targets. We aim to publish details of targets in 2024.

### 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.



LSEG continued its participation with the Transition Plan Taskforce (TPT) to develop the gold standard for private sector climate transition plans in the UK which was launched and hosted at our London offices in October 2023.

Net Zero Financial Service Providers Alliance ambition to limit the global temperature increase to

# 1.5°C

Climate Investment Coalition commitments to clean energy and climate investments

# \$130bn

### Chapter Zero

We are working with Chapter Zero to support non-executive directors to engage more deeply in climate transition planning. The LSEG Foundation has funded the development of a Transition Plan toolkit for non-executives which was launched in November 2023 and which can be found here: <https://chapterzero.org.uk/spotlight/spotlight-transition-planning/>

Further work to support the usage of the toolkit and implementation by corporate boards will continue in 2024.

### Climate Investment Summit

We hosted the 2023 Climate Investment Summit held during London Climate Week. This brought together key members of the Climate Investment Coalition, a group of Nordic and UK pension funds which set out their own climate commitments at COP26 involving allocating \$130 billion to clean energy and climate investments by 2030.

### International Sustainability Standards Board

As a keen advocate of the International Sustainability Standards Board (ISSB) standards we were honoured to host the launch of these standards (IFRS S1 and S2) with ISSB in June 2023. These standards mark an important milestone for corporate reporting. We believe that sustainability disclosure rules can be critical in unlocking information that the financial sector needs to drive the global transition. The ISSB standards offer the potential for more consistent, interoperable reporting globally. LSEG advocates for the adoption of ISSB standards, a view that was set out in our policy recommendations.

### Transition Plan Taskforce

LSEG continued its participation with the Transition Plan Taskforce (TPT) to develop the gold standard for private sector climate transition plans in the UK, which was launched and hosted at our London offices in October 2023. LSEG proactively supports TPT through our membership of the Steering Group and the Delivery Group, and through co-chairing the work of the sector-specific guidance that was launched in November 2023.

## Market and policy engagement continued

### UK Voluntary Carbon Markets Forum

LSEG is represented on the UK Voluntary Carbon Markets (VCM) Forum which supports the implementation of the recommendations of the global Taskforce on Scaling Voluntary Carbon Markets (TSVCM), ensuring that the UK remains a global hub for voluntary carbon markets. The Forum seeks to provide a high integrity market ecosystem that aims to develop verifiable and effective offset solutions.

### Green Technical Advisory Group

LSEG was also a member of the Green Technical Advisory Group (GTAG) until June 2023 when it concluded its two-year mandate. GTAG was the technical expert group advising the UK Government 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.

### Green Finance Industry Taskforce

LSEG was also a member of the Green Finance Industry Taskforce (GFIT) until it concluded its mandate in April 2023. This was convened by the Monetary Authority of Singapore, to provide recommendations on the development of a green taxonomy and improving disclosure in Singapore.

### Green Finance Institute

The Green Finance Institute (GFI), of which LSEG is an active member, is a UK-led initiative to accelerate the transition to a clean, resilient and environmentally sustainable economy by channelling capital at pace and scale towards real-economy outcomes that will create jobs and increase prosperity for all.

### Green and Sustainability Sukuk

LSEG is a founding member of the 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. The objective of the HLWG is 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.

### Net-Zero Data Public Steering Committee

LSEG is a member of the Net-Zero Data Public Utility (NZDPU) Steering Committee, working with the United Nations and market participants, to address data gaps, inconsistencies, and inaccessibility that slow climate action by making the data openly available to all.

### Climate Financial Risk Forum

The Climate Financial Risk Forum (CFRF) is an industry forum convened by the PRA and FCA which 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.

### ESG Data and Ratings Working Group

LSEG was also a member of the ESG Data and Ratings Working Group (DRWG) that was convened by the Financial Conduct Authority (FCA) and was represented on the four person steering committee. Over the course of 2023, the Group developed a voluntary Code of Conduct for ESG Data and Ratings providers which was published in December 2023. It is based very closely on IOSCO's recommendations and aims to provide a template that can be used internationally to avoid diverging codes across jurisdictions.

### UN Sustainable Stock Exchanges Initiative

LSEG has been a member of the UN Sustainable Stock Exchanges (SSE) initiative since 2014. The SSE Initiative is a UN Partnership Programme organised by the United Nations Conference on Trade and Development (UNCTAD), the United Nations Global Compact, the United Nations Environment Programme Finance Initiative (UNEP FI) and the UN-supported Principles for Responsible Investment (PRI). 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 conducting evidence-based policy analysis, facilitating a network and forum for multi-stakeholder consensus building, and providing technical assistance and advisory services.

### Future of Sustainable Data Alliance

Originally set up by LSEG (Refinitiv) at the World Economic Forum in 2020, the objective of the Future of Sustainable Data Alliance (FoSDA) is to strengthen the evolution of sustainable finance by providing insights and data-driven expertise to policy makers, standard setters, regulators and market participants. Designed as an independent body, it represents the sustainable data and analytics ecosystem and has a wide range of data providers as members. LSEG is represented on the Board of FoSDA and co-chairs its policy and regulatory working group.



LSEG has been a member of the UN Sustainable Stock Exchanges (SSE) initiative since 2014. The SSE Initiative is a UN Partnership Programme organised by UNCTAD, the UN Global Compact, UNEP FI and the PRI.

# Climate change

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## Climate risk overview

Climate change presents both risks and opportunities, which impact LSEG in a number of ways over different timeframes: short-term (0-3 years), medium-term (3-10 years) and long-term (10-30 years). The actual or potential impact on LSEG of these risks and opportunities vary in magnitude. When identifying and assessing climate-related risks or opportunities we define 'substantive financial or strategic impact' according to the magnitude of the financial cost or reputational impact on the Group, as well as the likelihood that the risk will occur. These are likely to impact business strategy and operations, our product portfolio, client target and/or resource mix.

Transition-related risks and opportunities arise from the transition to a low carbon economy; while not an exhaustive list, examples of some of those relevant to LSEG are as follows:

- **Policy and legal:** introduction of regulation, such as those related to disclosure, impacts LSEG as we are required to comply with international and national reporting requirements, or those associated with climate-related products and services. These introduce new director duties, increase operational and compliance costs, and impact the management of our climate-related risks and opportunities. These regulatory changes also affect our customers which in turn creates an opportunity for LSEG to support them with appropriate market data and infrastructure.
- **Technology:** we rely on technology to provide LSEG's products and services to customers, including data management in data centres. Changes to technology, energy prices or carbon costs could potentially impact LSEG's operations and is a sustainability-related impact.
- **Market:** as we transition towards a net zero economy our customers' needs are changing. There is growing demand for sustainability-related market data and infrastructure that help investors, corporates and financial institutions inform decision making around strategy, capital raising and allocation and investment. LSEG provides a large and growing range of sustainable financial investment products and services to its customers. Further information about our products and services can be found on pages 9–11.

We have conducted analysis of transition risk specifically looking at the potential costs of carbon under three recognised climate scenarios from the Network for Greening the Financial System (NGFS). Further detail about this can be found on pages 16–17.

Physical risks arise from changing weather patterns associated with climate change; examples of those that affect LSEG are as follows:

- **Acute physical risks:** the notable increase in the frequency and severity of extreme weather events, such as floods, windstorm and drought, are relevant to LSEG's international property portfolio. Extreme weather events could adversely impact our properties, data centres, our employees or surrounding infrastructure, which could cause business interruption.

— **Chronic physical risks:** increasing global average temperatures could negatively impact LSEG. Some parts of our international property portfolio are at greater risk of extreme temperatures which in turn could require greater cooling to ensure business continuity, which adds to operational costs.

We have conducted an analysis of physical risks to LSEG by using recognised climate scenarios from the Intergovernmental Panel on Climate Change (IPCC). Further detail about this can be found on pages 18–19. We published our first Climate Transition Plan in 2022 which set out how we are aligning with the goals of the Paris Agreement in our operations, market engagement and our products and services. We have set targets to address our operational emissions and engagement with our supply chain, and we are in the process of setting targets related to our market engagement, products and services, through our membership of the Net Zero Financial Service Provider Alliance (NZFSPA).

The sustainability section of the Annual Report and Accounts contains LSEG's disclosure aligned with the Task Force on Climate-Related Financial Disclosures (TCFD), and the Companies Act 2006 as amended by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 (CFD).

### Climate governance

We have developed a robust governance framework to oversee and manage sustainability, including climate-related risks and opportunities, which is described on page 7. This governance framework comprises Board level oversight with specific responsibilities for the full LSEG Board, the Board Risk Committee, the Audit Committee and the Nomination Committee. The framework also comprises of executive level bodies responsible for the management of climate-related risks and opportunities including the Executive Committee, the Executive Risk Committee, the Sustainability Committee and the Climate Transition Steering Committee. The Group Sustainability team is responsible for identifying and assessing climate-related risks with the business and designing and leading the Group's Climate Transition Plan. The Plan is regularly reviewed and updated as required based on climate-related risks and opportunities. The Climate Transition Plan is approved by the Board and overseen by the Climate Transition steering Committee which reports to the Sustainability Committee.

The Sustainability team works with other functions across the business to guide and support implementation of actions required to deliver the Plan. Key functions involved include procurement, third party risk management, property, travel, finance, government relations, Group risk and the teams involved in sustainable finance and investment solutions. Sustainability risks – including those specifically related to climate change – are embedded in the Group Risk Taxonomy. The Group Risk function is involved in the oversight of climate risk management as described on page 7. The Internal Audit team provides further oversight and incorporates sustainability as appropriate in its annual audit schedule.

### Climate reporting

During 2023, there were key developments with respect to corporate disclosure regarding sustainability and climate. Notably the International Sustainability Standards Board (ISSB) launched its sustainability and climate reporting standards, which incorporate TCFD, in June 2023. 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. The UK's Transition Plan Taskforce (TPT) Disclosure Framework was also published in October 2023. While this is yet to be fully embedded in UK law, we seek to align to this to the extent possible in our reporting. A TCFD summary can be found in the Annual Report and Accounts on page 65.



### What do we mean by net zero?

In this report we refer to the term 'net zero'. We adopt the definition in the SBTi Corporate Net Zero Standard V1.1 2023 as follows: "A state of net zero emissions involves: (a) reducing Scope 1, 2 and 3 emissions to zero or a residual level consistent with reaching net-zero emissions at the global or sector level in eligible 1.5°C scenarios or sector pathways and (b) neutralizing any residual emissions at the net zero target date – and any GHG emissions released into the atmosphere thereafter."

## Transition risk assessment

Many countries are putting in place policies to lower their greenhouse gas (GHG) emissions and transition to a low carbon economy. To assess our potential financial risk exposure of this transition we use three NGFS scenarios. These vary in their assumptions about future climate policies, technological innovations and carbon prices. Using these scenarios, we can stress test our resilience and projected financial exposure, across short, medium and long-term time horizons.

The transition scenarios we use include:

### Net Zero 2050

- This is an ambitious scenario that limits global warming to 1.5°C by 2100 through stringent climate policies and innovation, reaching net zero emissions around 2050.
- This assumes ambitious, immediate and smooth policy action and fast technological change. This scenario results in an orderly transition.

### Delayed Transition

- This assumes global annual emissions do not decrease until 2030 and new climate policies are not introduced until then. The level of action differs across countries and regions based on current implemented policies.
- In this scenario there is a higher carbon price than in the Net Zero 2050 scenario. This scenario results in a disorderly transition.

### Fragmented World

- This assumes a delayed and divergent climate policy response among countries globally, leading to high physical and transition risks.
- Countries with net zero targets achieve them only partially (80% of the target), while the other countries follow current policies.



### Key findings

Under the three NGFS scenarios selected we considered possible future GHG emissions pathways for LSEG, covering our Scope 1, 2 and selected Scope 3 (business travel, FERA and employee commuting) emissions to assess transition risk.

We explored the following two possible future emissions pathways for LSEG:

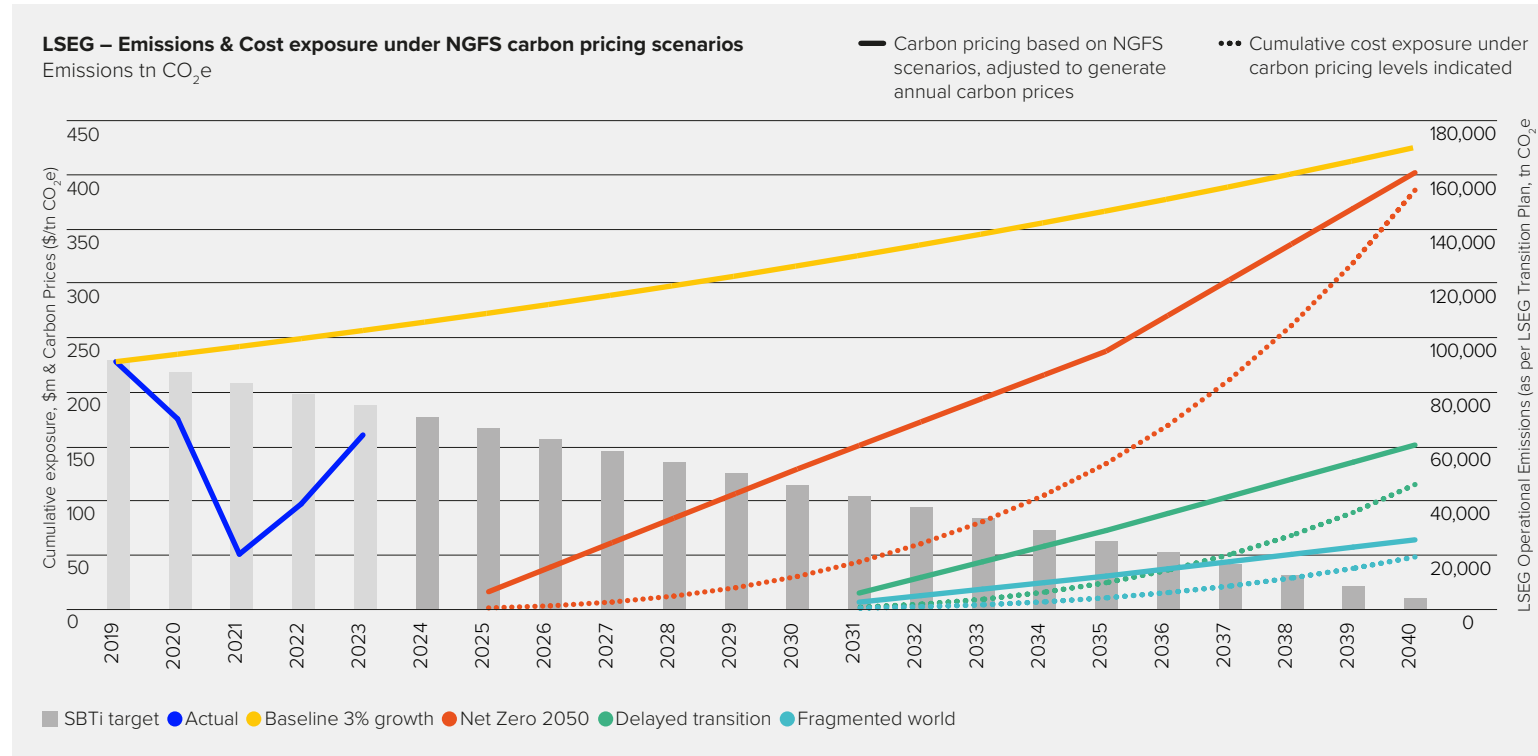
- 1. Reduced emissions:** In this pathway LSEG reduces its operational emissions in line with our planned trajectory to achieve our emission reduction targets.
- 2. Business as usual:** In this pathway, our operational emissions grow 3% per year from the 2019 baseline.

In our analysis we use the predicted carbon price in each NGFS scenario in the short, medium and long-term, to estimate the costs associated with LSEG's possible emission pathways; assuming we pay for all emissions in scope of the analysis.

The results of this analysis, shown overleaf, confirm that the costs of carbon could be material for LSEG unless we reduce our emissions. Under the NGFS Net Zero 2050 scenario, if we fail to reduce our emissions as planned (i.e. the 'business as usual' pathway), the cost of carbon could reach almost \$35 million a year in the medium term (3-10 years). In the context of our enterprise risk management framework, this is categorised as a significant financial risk. This reinforces the need to reduce our emissions in line with our targets.



## Transition risk assessment continued



Under the NGFS Net Zero 2050 scenario, if we fail to reduce our emissions as planned (i.e. the ‘business as usual’ pathway), the annual cost of carbon could reach almost \$35 million in the medium term.

### Estimated costs of carbon for LSEG under three NGFS scenarios and two emission pathways from 2025–2040

Time frame	Scenario: Net Zero 2050				Scenario: Delayed Transition				Scenario: Fragmented World			
	Carbon price \$/tnCO <sub>2</sub>	Reduced emissions profile annual cost (\$m)	BAU profile annual cost (\$m)	Cum exposure from 2025 (\$m)	Carbon price \$/tnCO <sub>2</sub>	Reduced emissions profile annual cost (\$m)	BAU profile annual cost (\$m)	Cum exposure from 2025 (\$m)	Carbon price \$/tnCO <sub>2</sub>	Reduced emissions profile annual cost (\$m)	BAU profile annual cost (\$m)	Cum exposure from 2025 (\$m)
Short	15.6	1.0	1.7	0.7	–	–	–	–	–	–	–	–
Medium	128.6	5.9	34.8	133.6	–	–	–	–	–	–	–	–
Long	401.5	1.7	68.4	385.3	150.7	0.6	25.7	114.3	63.4	0.3	10.8	47.6

## Physical risk assessment

With the notable increase in the frequency and severity of extreme weather events and rising average temperatures, it is important to understand the risk to LSEG in more detail.

Scenario analysis provides a flexible 'what if' framework for exploring risks, allowing for economic outcomes and financial risks under a range of different future pathways.

For this assessment, climate scenarios were used, based on the Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathways (RCP) from their Fifth Assessment Report (AR5), mapped to the latest IPCC AR6 report's Shared Socioeconomic Pathways (SSPs). There is a high degree of certainty that some combination of climate risks will materialise, however the exact outcomes are uncertain and depend on short-term actions.

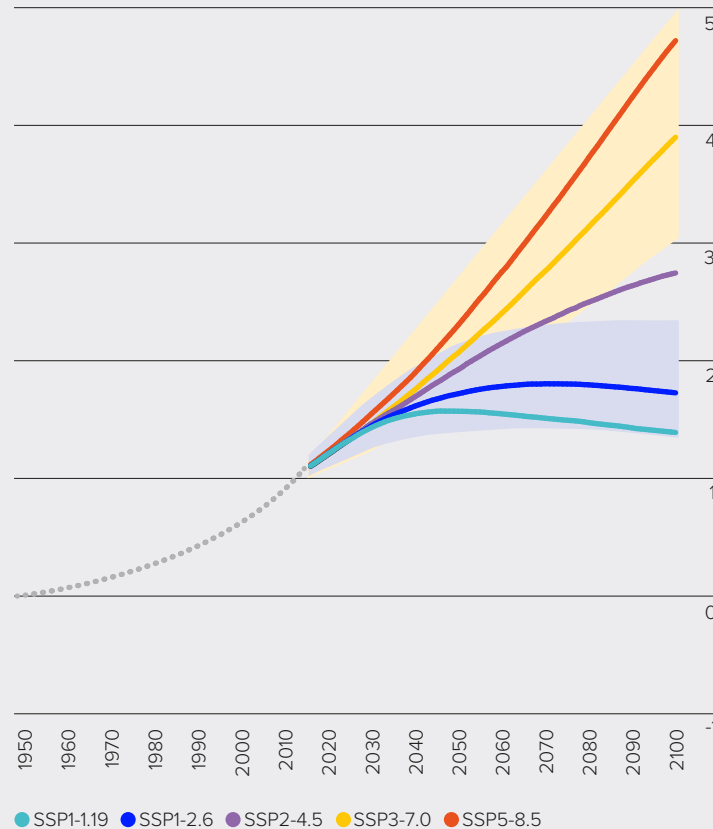
We worked with Willis Towers Watson (WTW) to conduct the physical risk assessment using state-of-the-art models and databases used within the insurance industry to price risk, as well as climate models and research from the IPCC.

The climate hazards considered included:

- Acute risks: windstorm, tornado, river flood, flash flood, coastal flood, hailstorm, lightning, wildfire.
- Chronic risks: heat stress, precipitation, drought, fire weather, sea level rise.

We assessed the climate-related risk to our global property and physical asset footprint, comprising over 200 locations.

### How the amount of carbon in the atmosphere results in different temperature rises over time



Source: Global surface temperature changes relative to 1850-1900, degrees C, under the five core emissions scenarios used in AR6. Source: IPCC (2021) Figure SPM.8a

The scenarios considered included the following:



#### 'Hothouse world' greenhouse gas emissions scenario > 4°C

- Emissions follow the IPCC SSP5-RCP8.5 scenario, which is associated with > +4°C temperature rise from pre-industrial times by the end of the century.
- Low transition risk in both the short and long-term as the world fails to transition to a low carbon economy.
- Physical risks become increasingly frequent and severe in the long term.



#### 'Middle of the Road' greenhouse gas emissions scenario 2-3°C

- Emissions follow the IPCC SSP2-RCP4.5 scenario, which is associated with 2-3°C temperature rise from pre-industrial times by the end of the century.
- Moderate transition risk in the short and long term as the world fails to transition to net zero by 2100.
- Physical risks become increasingly frequent and severe in the long term but less so than in the high greenhouse gas emission scenario.



#### Net Zero 2050 scenario ~1.5°C

- Emissions follow the IPCC SSP1-RCP1.9/2.6 scenario, which is associated with ~1.5°C temperature rise from pre-industrial times by the end of the century.
- Scenario assumes stringent carbon taxation, stricter building codes and public and private investment in low emission technologies.
- High transition risk in the short term associated with aggressive mitigation actions to reduce emissions.
- As a result of the transition, physical risks are less severe and somewhat similar to the current climate.

## Physical risk assessment continued

### Methodology

Our assessment identifies current and future climate exposures of our global portfolio, and quantifies the consequences and potential financial impacts.

The approach of the assessment uses scenario analysis and considers three climate change scenarios promoted by the IPCC. These scenarios are based on Representative Concentration Pathways (RCP) which include a 1.5°C, 2-3°C and >4°C increase, respectively, in the global average surface temperature by 2100. Each scenario sets out the likely impacts in the short, medium and longer term.

Our property portfolio, including offices and data centres, were analysed on an asset-by-asset basis for a range of climate hazard exposures at the present day as well as for future projections under the selected scenarios where data is available.

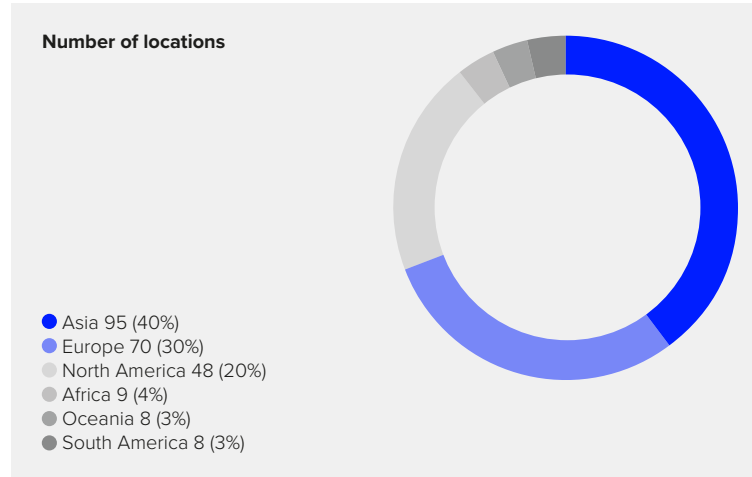
For acute hazards such as flood and windstorm, this was further supplemented using probabilistic modelling to forecast the plausible financial impacts based on a simulation of many thousands of extreme weather events, which was translated into likelihood and impact in line with our risk severity impact scales.

For regional chronic hazards such as heat and drought stress, the hazard exposure and assumed daily reduction in operations have been utilised to indicate the impact of operational downtime caused by these hazards.

### Key findings

#### Drought

Under current climate conditions drought is not considered a material risk to our property portfolio. However, by 2050, under the "Hot house world" scenario of high emissions, over 40% of the current total insured value would potentially be exposed to a moderate/high/very high risk of drought stress. The potential consequences include disruption of operations caused by lack of water supply or energy in regions depending on hydro power.



#### Heat stress

Under current climate conditions, over a quarter of the total insured value is exposed to a high or very high level of heat stress, resulting from more than 80 heatwave days in a year with temperatures in excess of 30°C. The facilities exposed to very high heat stress are predominantly located in Southeast Asia and the Middle East.

By 2050, under the "Hot house world" scenario of high emissions, heat stress is projected to become a high or very high risk for over 130 locations, equating to approximately two-thirds of portfolio value. This trend would mean that increased cooling of buildings and machinery could be needed to reduce the risk of operational disruption and improve working conditions for employees.

#### Flood and windstorm

We conducted a directional Value-at-Risk (VaR) analysis to consider the potential financial impacts to physical assets, which provided us with a view of residual VaR as annualised modelled damages. This means that good, bad and catastrophic years are taken into account in an average annualised view, which typically would be covered either by insurance or directly by our own risk retention.

Based on the assessment, it was found that the exposure to flood and windstorm perils only shifts slightly for LSEG's portfolio between the different scenarios modelled.

However, it is likely that climate change will increase the likelihood of more extreme events and hence a 1:200 is likely becoming closer to a 1:100 type event in future decades, especially for flood risk, meaning that the current 1:200 event with a moderate financial impact (based on our Enterprise Risk Management (ERM) scale used for VaR) is increasingly likely to become the 1:100 event loss under the RCP 8.5 scenario by 2050.

### Conclusions and next steps

This assessment generally considers physical climate risk in the short to medium term a lower risk to LSEG than transition risk due to the nature of LSEG's business and operations.

The majority of our buildings are leased, so LSEG has limited financial risk, where property damage is concerned. In addition, since the Covid-19 pandemic, there has been more capacity for employees to work-from-home, thereby reducing the impact on business operations if properties are affected by acute climate events.

The financial impact to acute hazards, flood and windstorm are currently considered in the limited range of LSEG's ERM risk severity impact scales, increasing to moderate under the high emissions scenario.

For chronic hazards of heat stress and drought, the results of this assessment will be integrated across our businesses to inform business continuity plans.

Ultimately, we will use this analysis to inform location strategy, with the next steps including deeper dive assessments for assets particularly exposed to the changing climate, considering adaptation measures and testing the resilience of assets.

## Progress against our targets

Through the 2015 Paris Agreement, world governments committed to limiting global temperature rise to well-below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C. In 2018, the Intergovernmental Panel on Climate Change (IPCC) warned that global warming must not exceed 1.5°C above pre-industrial temperatures to avoid the catastrophic impacts of climate change. To achieve this, greenhouse (GHG) emissions must halve by 2030 and drop to net zero by 2050.

### Our climate targets

We have set science-based targets, aligned with the goal of the Paris Agreement, approved by the Science Based Targets initiative (SBTi). The targets are:

- Reduce absolute Scope 1 and 2 GHG emissions 50% by 2030 from a 2019 base year.
- Reduce absolute Scope 3 GHG emissions from fuel and energy related activities (FERA), business travel, and employee commuting 50% by 2030 from a 2019 base year.
- 67% of Scope 3 emissions from purchased goods and services covered by science-based target by 2026.

We have a work programme in place to monitor, manage and reduce our emissions covered by these targets. This programme is organised into the following four glidepaths:

- Places: emissions from property and data centres (Scope 1 and 2 emissions).
- People: emissions from homeworking and employee commuting.
- Travel: emissions from business travel by air, rail, and road (Scope 3 emissions).
- Procurement: emissions from purchased goods and services (Scope 3 emissions).

### A net zero ambition

While we have an ambition to reach net zero by 2040 we have not set a formal, SBTi-approved target in this respect to date as we have been prioritising work on our near-term targets. In future we will review whether, and if so when, LSEG should formalise our net zero ambition into an SBTi-approved target. A dependency exists between this and the progress made with respect to our supplier engagement target.

### Our progress

Overall, our Group carbon footprint has increased by 13% relative to 2022. This is principally due to increased levels of office occupancy and business travel, returning to more normal levels following the global pandemic. There has also been a material increase to the official Government emission factors which are used to calculate air travel emissions.

With respect to our target on Scope 1 and 2 (market) emissions we closed the year having reduced 90%, against our 2019 baseline. For our target on Scope 3 emissions from business travel, home working and employee commuting, we closed the year having reduced 13% against our 2019 baseline. When including FERA, this meant that by the end of 2023, we had reduced our carbon emissions addressed by our Climate Transition Plan by 29% from a 2019 baseline.

### Places glidepath

Absolute emissions from our properties and data centres have decreased 4% relative to 2022, however with the purchase of Energy Attribute Certificates (EACs), this decrease is 79%. Emissions have been driven by property disposals predominantly in the US and UK, combined with a move away from natural gas, diesel and purchased heat usage. During the year, we enhanced the quality of emissions data captured from LSEG sites and we onboarded a third-party provider to support with our decarbonisation planning, transactions framework and design and build standards. This will enable us to create more robust investment models and plans for our decarbonisation activity. LSEG has put particular focus on decreasing our emissions from our data centres, as well as our own office space, and we have increased efficiency in software energy demands.

### Scope of targets

The following emissions scopes are included in our SBTi approved targets: Scope 1 direct emissions e.g. from burning fuels such as natural gas for heating, Scope 2 indirect emissions from purchased electricity, cooling, heat or steam and Scope 3 purchased goods and services, fuel and energy-related activity (FERA), business travel, and employee commuting.

The following emissions scopes are not included in our SBTi approved targets: Scope 3 waste generated in operations, capital goods, upstream transportation and distribution, downstream transportation and distribution, upstream leased assets, downstream leased assets, processing of sold products, use of sold products, end of life treatment of sold products, franchises and investments.

We have also mobilised a plan to enhance the procurement of renewable energy. During the year we continued to explore renewable energy options and recommended any new energy contract to be a green tariff where available.

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. LSEG continues to support RE100 and targets 100% renewable energy through a mix of direct renewable procurement and Energy Attribute Certificates.

### People glidepath

During the year, we saw a 46% increase in emissions from employee commuting and homeworking relative to 2022. This is largely due to the implementation of our Global Hybrid Working Policy which has increased the frequency of employees travelling to work in LSEG offices, and therefore increasing emissions associated with commuting. The programme has been exploring data enhancement as this is reliant on estimated data.

## Progress against our targets continued

### Travel glidepath

In 2023, we saw a significant increase in business travel emissions, up 136% relative to 2022. This is due to higher levels of business travel throughout the year, following a period of very limited business travel due to the global pandemic. There has also been a significant change to the Government emission factors used to calculate emissions from air travel, for example, for long-haul flights this has increased by over 50% relative to previous factors.

During the year, we enhanced our data capture and analysis to enable team-level reporting. This will be used to raise awareness of travel-related emissions and to establish team-level carbon budgets. We have also been exploring an internal carbon price which could be applied to business travel, which, if adopted, could help to influence travel patterns.

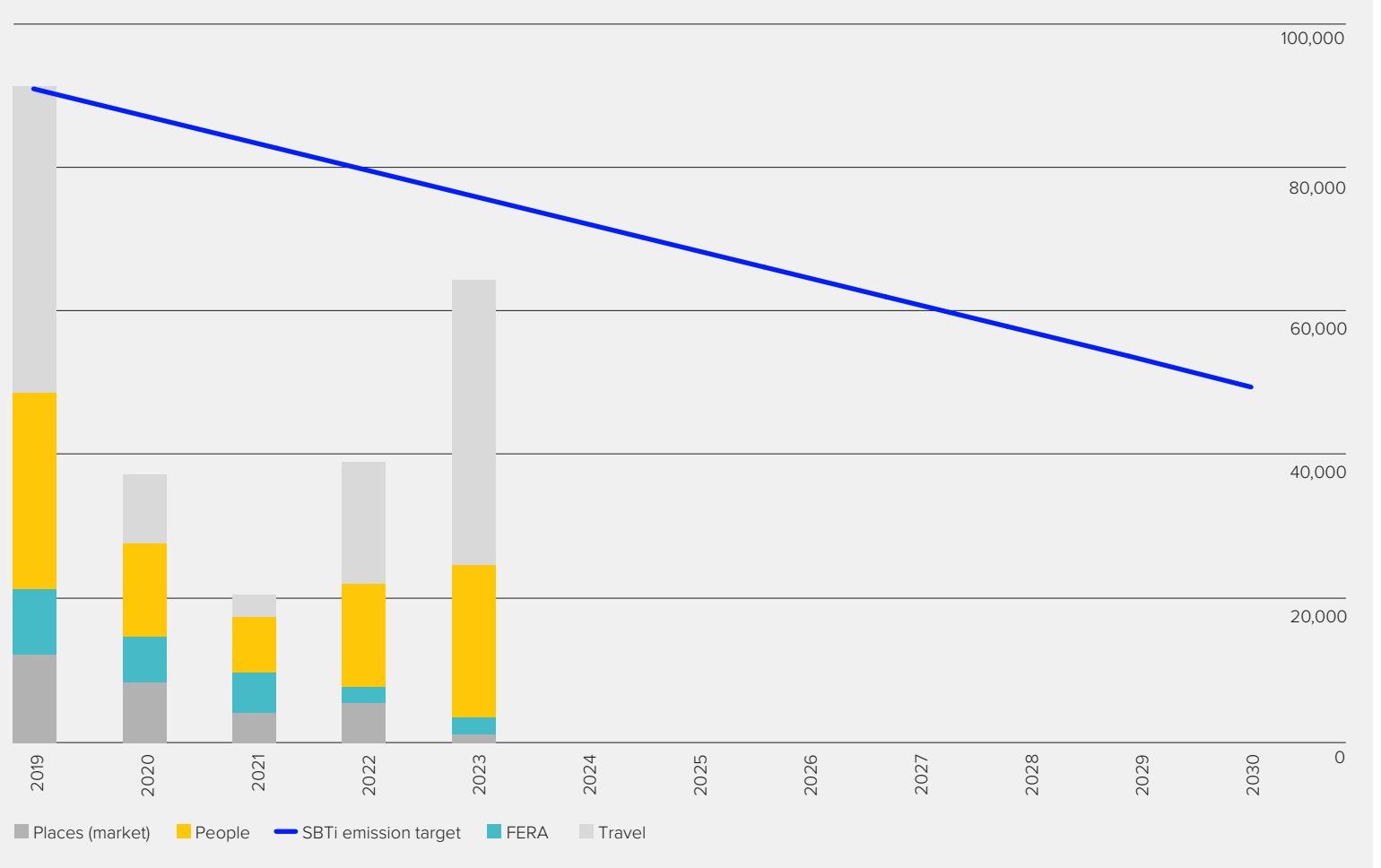
### Procurement glidepath

Scope 3 emissions from purchased goods and services account for over 90% of our total carbon footprint. In order to reduce these emissions, we are focused on engaging with our supply chain.

Our target is to ensure that suppliers responsible for at least 67% of our Scope 3 (purchased goods and services) emissions have adopted their own science-based emission reduction targets by end 2026. We are on target to achieve this, closing the year at 44%.

During the year, we continued our engagement with key suppliers responsible for the majority of our Scope 3 emissions to encourage and support them to adopt science-based emission reduction targets if they haven't done so already. All procurement category managers undertook tailored training to equip them to engage with suppliers regarding our climate targets. We also hosted a series of webinars for suppliers focused on LSEG's climate transition plan, requirements of suppliers regarding our climate targets, carbon reduction methods and climate change training. Guidance documents have been provided for those suppliers who we expect to adopt science-based targets including: Step-by-step Guide to Science-Based Targets; Reduction Strategies to Achieve Science-Based Targets for Scopes 1, 2 and 3 emissions and Scope 1 and 2 Greenhouse Gas Inventory & Target-Setting Basics.

Progress against our targets tCO<sub>2</sub>e



## Nature and carbon offsets

### Nature and biodiversity

Nature-related dependencies and impacts present risks and opportunities to business. However, to date, there has not been a common framework for businesses to assess and report nature-related matters.

The Taskforce on Nature-related Financial Disclosures (TNFD) published recommendations in 2023 which provide a framework to help organisations understand and report nature-related matters.

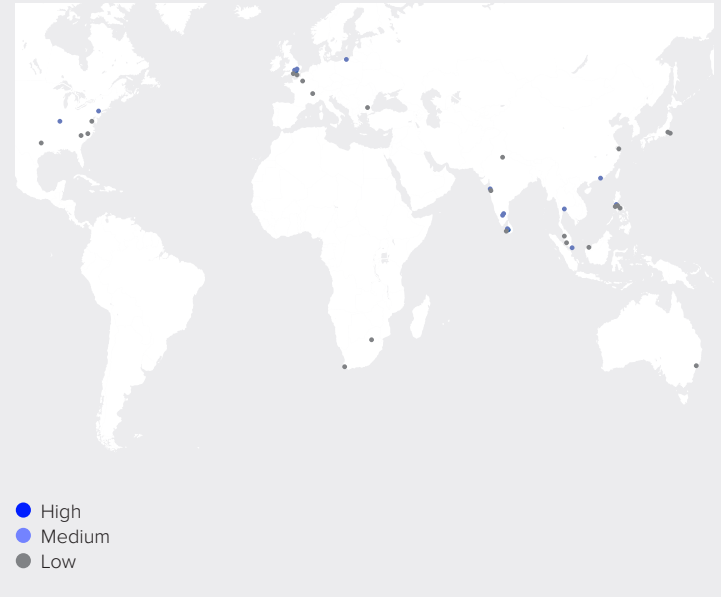
LSEG is an early adopter of the TNFD, and we aim to enhance our reporting in line with the framework in the future.

Ahead of this, during 2023 we took steps to incorporate nature more explicitly into our climate transition plan. We conducted a baseline assessment to better understand LSEG's nature-related risks, opportunities, dependencies and impacts.

#### How do we categorise our locations in relation to nature and biodiversity?

- **Sensitive** locations are those of nature importance (e.g., high ecosystem integrity, biodiversity importance, water stress, air quality).
- **Material** locations are defined as those where LSEG has high emissions, water, or waste consumption.
- **High priority** locations are defined as those that overlap between sensitive and material locations.

Global map showing regional sensitivity



In the first phase of this work, regional and country-level locations were assessed, with a more granular site analysis to come. In the next phase of this work, key factors will be considered in relation to LSEG's operations including: ecosystem integrity, water stress, air quality, and LSEG activities related to emissions, water, and waste. This analysis produces site-specific insights into nature-related impacts, dependencies, risks, and opportunities which can be reported on. In the future, it will be possible to set goals and enhance our disclosure.

Initial results show that high risk areas are concentrated in South and Southeast Asia, in particular Sri Lanka, India, Thailand, Malaysia, Philippines, and South Africa.

### Policy on carbon credits

We recognise that carbon offsets – however credible – do not replace the urgent need to reduce emissions along a trajectory aligned with climate science. While reducing our emissions is the primary focus of our decarbonisation strategy, we also recognise the need to take responsibility 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 projects and offset our emissions as we work to our near-term science-based targets and long-term net zero ambition.

### Our action in 2023

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 (FERA, business travel, employee commuting).

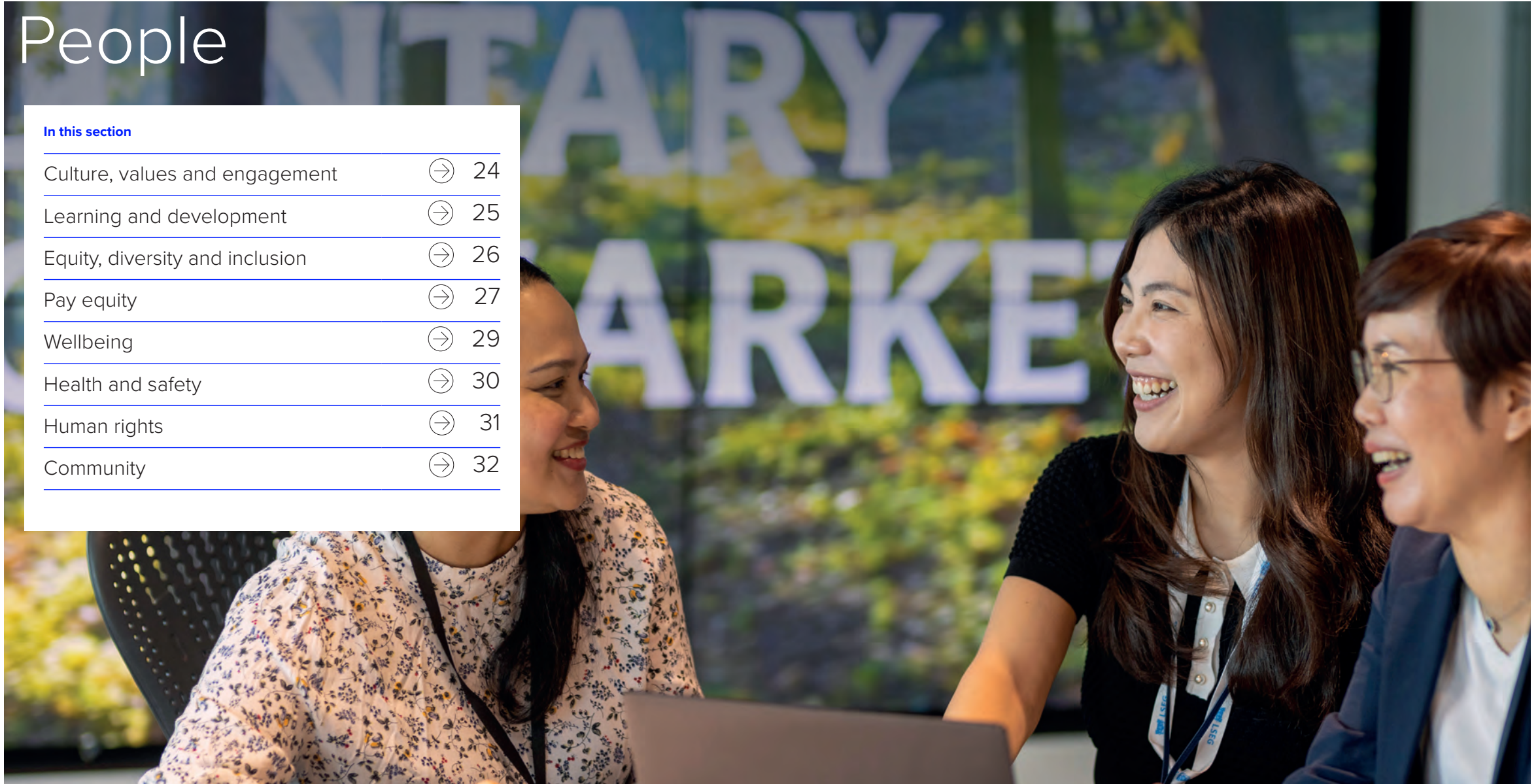
In order to source high quality carbon offsets, we have worked with Climate Impact Partners to ensure that all the projects we support, at a minimum are:

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

# People

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## Culture, values and engagement

People drive our performance and productivity. Our inclusive culture and values set us apart, leading the way to meet the needs of our customers and stakeholders, advancing technology and creating a workforce that is future ready. With over 25,000 people in 60 countries, we work with ambition and accountability.

### Culture and values

This year we made further progress to embed our culture with the introduction of our new values. These set the standard for everything we do, every day. Underpinning our purpose, they articulate how we work with our customers, our partners and each other.

LSEG's new values were established through a comprehensive approach which collated feedback from 20,000 colleagues via our engagement survey, combined with 32,000 comments from 13,500 colleagues who participated in our Values Survey. This feedback was further refined through virtual and in-person focus group sessions which involved 300 colleagues around the world. We also sought input from 10 of our key customers, held interviews with six media partners and benchmarked against over 250 companies. The new values were launched in September 2023 through a global event watched by over 19,00 colleagues in the first 24 hours, followed by 94 in-person workshops in 12 locations around the world. They are now being embedded into our people processes and procedures including recognition, recruitment and performance assessments.

### Governance

The LSEG Board oversees the Group's culture and people strategy to ensure it supports the long-term success of the organisation. The Chief People Officer is a member of the Executive Committee and is accountable for all aspects of our People strategy, including talent attraction, reward, compensation and benefits, training, development, equity, diversity and inclusion, colleague wellbeing, employment regulation and worker rights including collective bargaining.

LSEG's approach to these areas are codified through comprehensive policies and guidance on Code of Conduct, Equity, Diversity and Inclusion, Pay and Benefits, Health and Wellbeing, Family Support, Leave, Hybrid Working, Anti-Harassment and Bullying, Menopause Support and Transition and Change to Gender Expression Guidelines.

### LSEG's values

<b>Integrity</b>	We stand by our principles and deliver on our promises. We earn trust by acting responsibly.
<b>Partnership</b>	Our open model is integral to how we do business. We forge long-term relationships; we work together to solve evolving needs and deliver strategic outcomes.
<b>Excellence</b>	Our breadth of capabilities sets us apart, globally. We achieve industry-leading outcomes by combining unique, diverse perspectives and knowledge across markets.
<b>Change</b>	We embrace change. We combine human ingenuity, technology, risk management, and insight to create the products and services that lead and shape the industry.

### Colleague listening

We listen to our colleagues and solicit their views and sentiment at different stages of the colleague lifecycle, from onboarding surveys, colleague engagement surveys to exit interviews.

LSEG Engage, our Group-wide survey, helps us to confirm what is working well and identify areas where we need to improve. Results from past surveys indicated that while we were continuing to make good progress on our cultural transformation journey, continued focus was needed on simplification of our systems and processes for colleagues as well as greater clarity around decision-making.

In 2023, we responded to this feedback by enhancing:

- The onboarding process through the launch of a new global portal.
- Technology tools and improving support to resolve issues.
- Data & Analytics order management processes.
- Technology approval forums and governance.

### LSEG Engage 2023

In September 2023, LSEG Engage saw an increase in participation with 88% of the organisation responding to the survey. We also saw the engagement score remain flat at 75, against an external environment which saw declining levels of overall engagement.

Highlights from the 2023 survey include a greater understanding of LSEG's strategy and excitement about the future, together with continued improvement in opportunities to learn and grow. Support that our people get from their leaders is also driving positive sentiment.

Areas for improvement included reducing barriers that slow down execution and an opportunity to make sure our people feel better recognised for the work they deliver.

### Colleague engagement with senior leadership

Global townhall meetings are held several times a year which all colleagues can join to hear senior management provide updates on key topics, such as financial results. Other engagement channels include local, divisional or functional townhalls where members of the Executive Committee will engage with colleagues from across the business. Smaller face-to-face sessions ("ExCo Exchanges") create an opportunity for two-way engagement in small group discussions between colleagues, the CEO and members of the Executive Committee. During 2023, there were 12 sessions with a typical group size of 14 people. Examples of topics covered in these sessions include business and location strategy, brand and marketing, values, leadership and career development. Where Executive Committee members travel to LSEG locations, colleague engagement is incorporated in the schedule wherever possible. More recently, the Executive Committee has been communicating with colleagues through Viva Engage, our internal social and community channel.

Another key element of ensuring we have effective dialogue between Senior Leaders and our colleagues is our ongoing roundtables between colleagues and the LSEG Board. In 2023, we had four sessions joined by 57 colleagues. The sessions covered topics such as culture, values, inclusion, wellbeing and career development.



Further detail about this can be found in the Annual Report and Accounts, Board Engagement with Stakeholders pages 69-74.



## Learning and development

We aim to attract and retain the very best people by tailoring the opportunities we provide and partnering with colleagues to build long-term careers. LSEG's scale and global presence provides the opportunity for our colleagues to broaden their skills and experience.

Talent attraction, retention and development are overseen by the Group Head of Global Talent Strategy who reports to the Chief People Officer, a member of the Executive Committee.

In 2023, 36% of vacancies were filled internally and we continue to look for ways to drive internal mobility. Externally, to strengthen and build LSEG's global talent reach, we targeted priority marketplaces to roll out our new employer brand. In 2023, we built on campaigns in Bucharest, Bengaluru, Bangkok and Manila, adding Gdynia, Hyderabad and Colombo to these locations.

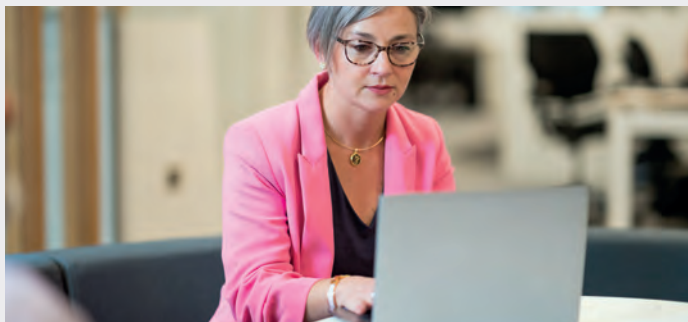
### Career development

Ensuring the Group has the necessary skills and capabilities to execute the Group's business strategy effectively is vital. LSEG's career framework outlines all roles at LSEG, organised by job families, career stages and global grade, with functional competencies and technical skills aligned to each role profile.

To ensure LSEG has the necessary skills, and to help colleagues to define and achieve their career ambitions, LSEG has launched Career Navigator. This is a personalised platform that enables colleagues to create their personal profile, identify gaps in skills and capabilities for different roles across LSEG, potential career paths, and search for internal roles and opportunities.

Once a career ambition is defined colleagues can build a personal development plan on Career Navigator and take the development steps necessary to progress.

Each quarter, colleagues have a Quarterly Connect conversation with their people leader. This reviews progress against their personal objectives, outlines focus areas for the coming period and looks at their personal development.



LSEG has launched the Career Navigator to help colleagues to define and achieve their career ambitions. Through the personalised platform, colleagues can identify the gap between their current skills and capabilities and build a personal development plan.



This year we launched skills-based mentoring which focuses on supporting an individual to develop or enhance a specific skill. These skills form part of their personal development plan, which will be relevant to their current role or future aspirations.

### Learning

At LSEG, there are a wide range of opportunities to develop skills and knowledge. This includes mandatory training which all colleagues are required to complete, as well as a wealth of voluntary options through platforms such as LinkedIn Learning, Workday Learning or Sustainability Unlocked.

Colleagues can also enter into more formalised training and certification programmes with external providers depending on their role and particular needs.

To complement existing training this year we launched skills-based mentoring which focuses on supporting an individual to develop or enhance a specific skill. These skills form part of their personal development plan, which will be relevant to their current role or future aspirations. Skills-based mentoring is available to all LSEG colleagues, at all levels across the Group.

This year we also expanded our commitment to identifying future leaders and experts, assessing 4,163 people including 2,311 Senior Managers for the first time, as well as rolling out a new global early careers strategy with 213 next generation leaders in nine key locations joining this year. We also held leadership development programmes with over 1,500 people participating.

### Mandatory training

All colleagues are required to complete annual mandatory training on a range of topics including: the Code of Conduct; risk management; financial sanctions and export controls; privacy and data protection; financial crime and tax evasion; information security; UK market abuse; and operational resilience.

Topics in the Code of Conduct include our culture and values; stakeholders; personal conduct (including professional behaviour, bullying, harassment and discrimination, conflicts of interest, insider dealing and market abuse, gifts and entertainment); leadership; fair competition; financial crime; government, political and religious affairs; the environment; human rights; equity, diversity and inclusion; health, safety and security; information security; financial records; media and social media.



Further detail about learning and development can be found in the Sustainability Databook.

## Equity, diversity and inclusion

### Equity, diversity and inclusion (EDI) strategy

We aim to create a culture of belonging, a workplace that is truly representative of all sections of society and our customers, that is fair and inclusive for all, where diverse perspectives are valued and leveraged throughout the Group.

#### We have four ambitions that support our philosophy:

- Build a sense of belonging for all.
- Creating equitable and inclusive processes that enable the attraction, retention and promotion of a global diverse pipeline of talent.
- Building a global and diverse leadership team that's held accountable for creating an inclusive culture.
- Lead the industry in progressing the EDI agenda.

#### We use four levers to pursue our ambitions:

- **Data:** We use data and insights to identify opportunities and potential inequities.
- **Workplace of the future:** With an inclusive infrastructure and environment through equitable policies and processes, we hire and retain global talent.
- **Education and awareness:** We build knowledge of EDI to enable our people and leaders to confidently embrace inclusive behaviours and decisions.
- **Narrative and voice:** We have a clear perspective and framework.

Annual reviews of the strategy and goals are shared with the LSEG Board, and the Executive Committee is given quarterly updates on EDI.

### Progress against our EDI goals

In 2023, we developed an enhanced methodology to help us review our EDI goals to ensure they remain relevant and can be appropriately measured globally. Therefore, to help us monitor progress we have updated our diversity goals for 2024 and beyond relating to gender and ethnicity for our senior leadership community.

#### Gender

- **Goal:** Maintain at least 40% women in senior leadership (ExCo and Group Leaders) going forward.
- **Progress:** By the end of 2023 we had exceeded our goal with 42% women in senior leadership.

#### Ethnicity

- **Goal:** 25% underrepresented ethnic groups in senior leadership roles (ExCo and Group Leaders) by 2027.
- **Progress:** We did not achieve our goal of 20% from underrepresented racial and ethnic groups by the end of 2023, closing the year at 14%, however we remain firmly focused in closing this gap and achieving our updated 2027 goal. Initiatives such as our inclusive hiring practices and talent accelerator programmes will help to drive our progression.

Alongside the above goals we continue our focus on increasing diversity among the wider leadership group (Group Director and Director Leaders), to build a more diverse pipeline of future senior leaders.

#### 2023 highlights

- In 2023, we continued to focus on our priorities. The key developments and areas of focus during the year included:
- We launched a data disclosure campaign to increase self-reported colleague data, which increased our average data disclosure rate across categories such as ethnicity, gender, disability and sexual orientation from 42% to 69%.
  - We introduced inclusive hiring training for all people leaders in 2023 and created a global framework for all employees and people leaders to build their knowledge and understanding in relation to EDI which will be launched in 2024.
  - We launched new global leave policies to support colleagues affected by caring, transitioning and bereavement.
  - We continue to invest in creating an inclusive environment for our diverse talent through our talent accelerator programmes.
  - Our eight inclusion networks continued to drive engagement with our EDI agenda and are open to all colleagues. The networks include LEAD (Latin@s for Empowerment, Advancement and Development), BEING (Black Employee Inspired Network Group), Asian Affinity, Pride, WIN (Women Inspired Network), Accessibility, Multi-faith and Veterans Support Network (ViSioN).

#### External initiatives

We are active participants in a number of industry-wide initiatives, including the first ever sector-wide Socio-Economic Diversity Taskforce and the HM Treasury Women in Finance Charter. We've been recognised through a number of awards including Company of the Year at the European Diversity Awards and Large Brand of the Year at the Bank of London Rainbow Honours. We were also rated Gold in the India Workplace Equality Index and we are a member of the Valuable 500.

#### Non-discrimination

We are committed to complying with applicable laws, rules and regulations governing non-discrimination wherever we do business. We are committed to encouraging equity, diversity and inclusion among our workforce, and eliminating discrimination in recruitment, training, promotion and conditions of service.

We do not tolerate discrimination on the basis of: age; being pregnant or on maternity leave; citizenship status; disability; gender identity or expression; marital status; race including colour; nationality; ethnic or national origin; parental status; religion or belief; sex; sexual orientation; trade union membership and activities; or veteran status. In addition to the list of protected characteristics, certain countries have additional "protected characteristics" which will be protected in that country, as set out in local policies.



For further information please see our [EDI Policy](#)  
Please see our [Sustainability Databook](#) for further information on the progression towards our targets.

## Pay equity

We continue to be committed to achieving pay which is free of bias and to building an equitable and inclusive environment for all. This means ensuring that no discrepancies in pay result from differences in personal characteristics, such as gender, ethnicity, age and nationality.

We take a data-driven approach and apply the same level of scrutiny to pay equity reporting as we do to financial reporting. We believe that transparency around pay and a forward strategic commitment to pay equity reporting is fundamental to continued and sustainable advancement for those who have historically faced discrimination in the labour market. This strengthens our ability to attract and retain the best and most diverse talent.

Our pay and performance policies are globally adopted and regularly reviewed by LSEG's Executive Committee and Remuneration Committee, with the aim of ensuring market alignment and compliance.

Our annual compensation review process enables people leaders to ensure there is no bias in the levels of salary increases or bonus awards. This includes consideration of personal characteristics so that we can identify and rectify any anomalies.

Underpinned by our Equity, Diversity and Inclusion (EDI) Policy, we remain committed to eliminating unlawful discrimination in recruitment, training, promotion and conditions of service, such as pay. Responsibility for pay equity rests with the Group Head of Total Reward, Inclusion & Performance, who reports to the Chief People Officer.

### Pay equity review

We conducted a pay equity review this year which followed the same methodology applied in the 2022 review.

We engaged a specialist third party to analyse our pay data, on a job-by-job basis for our global colleague population as at 5 April 2023. This is an enhancement on the simple, single country comparison of mean and median hourly pay.

The study's deep statistical analysis of pay considers many identifiable factors known to impact compensation, including but not limited to seniority, location, job role, experience, business sector and performance. This enables us to understand how much of a headline (raw) pay differentiation is due to identifiable factors, and how much is due to non-identifiable factors.

The "Raw pay gap" is the comparison of the mean and median pay between gender/ethnicity groups across LSEG. From this, statistical analysis is used to calculate both the Identifiable pay gap and the Non-Identifiable pay gap:

- The Identifiable pay gap shows the gap in pay between two groups that can be attributed to explainable and objective factors. These factors may include seniority, job role, location, business sector, experience and performance.
- The Non-Identifiable pay gap shows the remaining pay gap once identifiable factors have been accounted for. The remaining pay difference is unexplained by the factors considered in our modelling.

By understanding both Identifiable and Non-Identifiable pay gaps, we can identify the factors contributing to any pay gaps, helping us to understand why they exist and how we can take targeted action.

### Scope

The scope of the 2023 review was the same as for 2022. It included gender-related pay data in all the countries where we have colleagues, as well as our ethnicity-related pay data where we are able to collect sufficient amounts of information, which is the UK and US. We use the recommended government census categories when collecting ethnicity data and underrepresented ethnic groups are defined as all ethnicities other than white.



Non-Identifiable gender pay gap

# 1.2%

## Pay equity continued

### Performance

Detailed performance data from the pay gap review can be found in the Sustainability Databook.

### Gender

Overall, we made broad-based progress across three key metrics as we continued our focus on closing the gender pay gap. Our Raw mean gender pay gap fell 3.4% from 32.6% to 29.2%. This includes a decrease of 3.1% from 31.1% to 28.0% within the Identified component of the mean gender pay gap, which resulted in the Non-Identifiable mean gender pay gap falling 0.3%, from 1.5% to 1.2%.

### Ethnicity

We also made strong progress in 2023 in addressing our ethnicity pay gaps. In the UK and US, the Raw mean ethnicity pay gap fell 4.4% from 17.8% to 13.4% while the Identified mean ethnicity pay gap fell 3.9% from 18.1% to 14.2%, which resulted in the Non-Identifiable mean ethnicity pay gap falling 1.1% to -0.8%, in favour of underrepresented groups.

As part of the annual compensation review process, we provide internal reporting that shows the average level of salary increase and bonus awarded to men and women based on geography, grade and performance. We will continue to focus on pay equity and will encourage colleagues to disclose diversity data where permissible so we can develop our understanding across LSEG. We intend to expand our pay equity analysis to other countries and other underrepresented groups in future where the data permits.

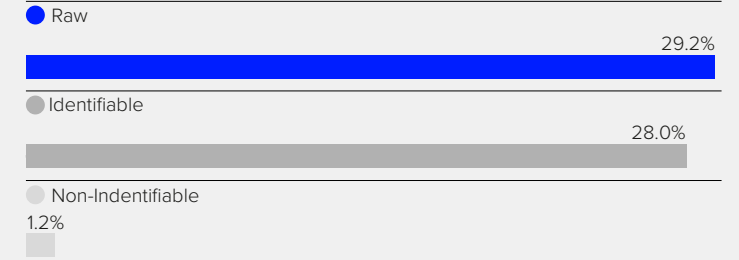
### Key drivers of LSEG's identifiable pay gaps

Listed in descending order of impact the key drivers are:

- 1. Role and location** – career stage is a major factor impacting pay and by far the strongest of all drivers. The grade-related pay increment is higher in senior grades when compared to junior grades. Location and job family are recognised as important factors in the model.
- 2. Experience** – prior experience (proxied by age) and organisational specific experience (proxied by tenure) are positively recognised in the majority of the business divisions by rewarding more job-specific tenure and external experience.
- 3. Business sector** – business area impacts pay in a moderate way, e.g. colleagues in technology usually have higher pay than colleagues in other areas of the business.
- 4. Performance** – our data shows elements of a 'pay for performance' reward approach. Low performance seems to consistently reduce pay outcomes while better performance is rewarded.
- 5. Hiring and promotion** – colleagues recently hired are in general paid comparably to incumbents.
- 6. Supervision** – data doesn't indicate that being in a supervisory role is a strong factor impacting pay. This finding is most likely because the job and grading structures have already taken supervisory roles into account.

### Gender pay gap

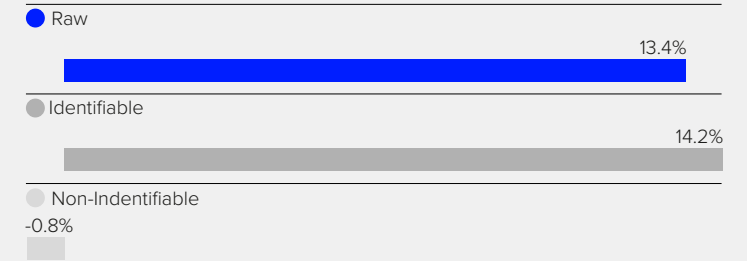
Global



Positive figures indicate pay is in favour of men

### Ethnicity pay gap

UK and US



All underrepresented ethnic groups

## Wellbeing

Our goal is to create a healthy and resilient organisation. We want our colleagues to be motivated to perform at their best and contribute to organisational success. Day-to-day management of colleague wellbeing rests with the Group Head of Total Reward, Inclusion & Performance, who reports to the Chief People Officer.

We take a holistic approach to wellbeing, with a wide range of resources available to support colleagues' emotional, physical, financial and social wellbeing.

### Employee assistance programme

All colleagues have access to the employee assistance programme (EAP) which is an anonymous, free service and accessible 24/7. This service provides dedicated counselling, practical information, live and digital content and wellbeing resources to support emotional, physical, financial and social wellbeing. It helps colleagues and their household members on a wide range of issues where practical or emotional support is needed. The EAP is available to colleagues, contractors, and members of their households, and it is confidential and anonymous. Colleagues also have access to WorkLife Central which has a wide range of resources and daily webinars on careers, families, inclusion and wellbeing. Colleagues in the UK are also able to access the Peppy Digital Health App that helps people take control of their health, including support with fertility, menopause and mental health.

### Mental health awareness champions

LSEG now has 170 champions across the Group. Colleagues experiencing mental health challenges can speak in confidence to a champion who has been trained to provide friendly, non-judgemental listening and support.

### Financial wellbeing

Colleagues have access to the Money Habits platform which is our financial wellbeing programme from AON. Money Habits has resources and materials to support colleagues with budgeting, saving, investing and managing debt.



All colleagues have access to the employee assistance programme which is an anonymous, free service and accessible 24/7. This service provides dedicated counselling, practical information, live and digital content and wellbeing resources to support emotional, physical, financial and social wellbeing.



LSEG now has 170 mental health champions across the Group. Colleagues experiencing mental health challenges can speak in confidence to a champion who has been trained to provide friendly, non-judgemental listening and support.

### Menopause guidance and support

LSEG's menopause guidance aims to support colleagues who are directly or indirectly affected by the menopause and raise awareness of menopause among the colleague community. It strives to address how menopause can have an impact in the workplace, creating and promoting an environment in which colleagues and their people leaders feel confident to openly discuss menopausal issues.

LSEG now has 40 menopause champions and provides webinars, guides, reading materials and internal local contacts. Necessary adjustments and accommodations can be made to support colleagues experiencing menopausal symptoms in the workplace.

### HIV/AIDS guidance and support

We support colleagues affected by HIV/AIDS, raise awareness and create an environment in which colleagues and people leaders feel confident discussing related issues, and feel that they are treated fairly and offered appropriate support. While programmes may be locally based and designed to meet local conditions, the guidance applies to all colleagues.

### Parents and carers

We support families and parents by ensuring our policies and practices support work-life balance, equality of opportunity and an inclusive culture. For example, our UK Family Support Policy sets out the type of leave and benefits available and enables time off for those with caring responsibilities for dependent children or adults. In some countries we provide parental leave and pay entitlement above the statutory minimum. We provide emergency backup childcare in the UK and US through Bright Horizons while in India, we provide statutory day care assistance for female and male colleagues.

### Bereavement, dependants, carers, flexible working

We offer global bereavement leave which provides up to six weeks of paid leave if an employee loses a child, partner or spouse. We also offer access to a minimum of ten days' paid leave to support individuals with caring responsibilities globally. In addition, local policies allow for paid and unpaid leave, such as Special Leave policies, which cover time off for supporting dependants, bereavement or caring emergencies. Other policies are in place allowing for other types of leave associated with family, sickness absence and sabbaticals.

We also have a Global Hybrid Working Policy which offers flexibility to colleagues, enabling them to work both from home, in the office or with clients depending on their role, which aims to support colleagues' work-life balance (in line with local laws in each country).

## Health and safety

LSEG is committed to protecting our employees, customers, visitors and contractors from the risk of injury and ill-health.

### Policy

LSEG's Environment, Health and Safety (EHS) Policy aims to promote a healthy and safe working environment across the Group. It mandates minimum EHS arrangements to ensure compliance with legal requirements, continual improvement of performance, and defines EHS responsibilities across the Group. The Policy, which is sponsored and signed by the Chief Operating Officer, applies to all personnel and relates to all LSEG work activities.

### Management system

LSEG operates a structured management system to execute EHS compliance requirements, and set targets with the aim of continually improving performance, monitoring and communicating progress. LSEG's EHS management system has been developed to align to the ISO 45001 health and safety management standard and continually evolves and improves to support the business needs. LSEG also holds ISO 14001 certification for its environmental management system at the London global headquarters.

### Audits

As part of a wider EHS Assurance process there are a number of levels of inspection and audit in place to support safe people, processes and places. All premises are subject to periodic workplace inspections carried out locally against a standard template to highlight any immediate risks or deficiencies. In addition to this, Legal Compliance Reviews are carried out to focus on ensuring local arrangements and processes are compliant with local legislation. To provide a specific focus on LSEG's EHS Management System, teams also carry out an annual compliance review to ensure that key plant and systems are suitably maintained and certificated where required.

In 2023, LSEG carried out a number of inspections and audits, all of which provided data to support the generation of site risk profiles, completed for every LSEG property. Improvement actions were recorded and managed through a structured process to remedy, control or mitigate any risks and clarify local regulatory requirements. Processes are in place to ensure that, where necessary, risks can be escalated in line with our Group Risk Framework.

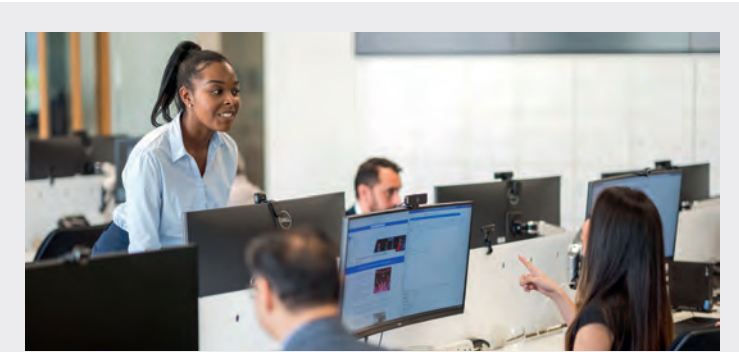
### Training

All new joiners at LSEG are required to complete mandatory EHS training and periodically thereafter to refresh their knowledge. Mandatory training covers the elements of EHS management within LSEG, employee responsibilities, reporting of accidents, incidents and unsafe situations as well as fire evacuation and first aid. This is supported locally through specific information and arrangements provided at induction and supporting documentation such as emergency response plans.

For departments where specific EHS training is required this is managed through training needs analysis for key positions and delivery is supported by the EHS team, e-learning and external training providers. All employees have access to information and guidance on the Company intranet as well as access to competent persons within the central EHS team to provide assistance and guidance as required.



Please see the Sustainability Databook for health and safety statistics.



All new joiners at LSEG are required to complete mandatory EHS training and periodically thereafter to refresh their knowledge.

## Human rights

We are committed to respecting and promoting the human rights of all colleagues and contractors. Our Human Rights Policy is aligned with the UN International Labour Organization Standards and commits us to: uphold the freedom of association and the effective recognition of collective bargaining; eliminate all forms of forced and compulsory labour, abolish child labour and eliminate discrimination in respect of employment and occupation.

Our Code of Conduct incorporates expectations of our people on protecting and respecting human rights and all colleagues are required to complete mandatory training on the Code. The Chief People Officer, reporting to the Group CEO, is accountable for overseeing human rights amongst LSEG's workforce.

### Freedom of association

LSEG colleagues have the right to establish or join independent trade unions, representative groups or collective bargaining agreements and this right forms part of the employment contract. LSEG supports the effective exercise of trade union rights for all colleagues and does not condone discrimination against workers' representatives or bodies in any form. Colleagues can communicate any concerns regarding collective bargaining to their people leader, relevant colleague forum or via the LSEG Speak Up hotline.

LSEG management works closely with colleague representative bodies, maintaining open dialogue and positive relations via in-person and virtual meetings alongside consultations and statutory and voluntary issues at a local and national level. We operate a European Works Council. Its aim is to promote social dialogue between the senior management of LSEG and our colleagues. Made up of 21 colleague representatives, it provides a voice for staff based in Europe. During 2023, we went through re-elections which led to an increase in representatives in line with the changing shape of the LSEG business. At an individual country level, we have collective body relationships, ranging from union recognition through to employee welfare committees which help to ensure our colleagues have a collective voice.

Day-to-day management of collective bargaining is the responsibility of the Head of Employee Relations, who reports to the Chief People Officer. We disclose the proportion of our workforce covered by such agreements in the Sustainability Databook.



LSEG is a Living Wage Foundation-accredited employer in the UK and as such all UK colleagues are paid on or above the living wage.

### Modern slavery

We regard all forms of modern slavery and human trafficking as a crime and a violation of fundamental human rights. We are committed to implementing and promoting practices which combat modern slavery in all its forms. Our updated risk assessment conducted in 2022 indicated that LSEG operates in an industry where the risk of modern slavery and human trafficking in the workforce is inherently low. However, as a UK headquartered business we are committed to adhere to the UK Modern Slavery Act 2015 and other local legislation. Our Modern Slavery Act Statement can be found on [lseg.com](https://lseg.com).

### Living wage

LSEG is a Living Wage Foundation-accredited employer in the UK and as such all UK colleagues are paid on or above the living wage. Our contracts with suppliers that have staff working on LSEG premises in the UK (including temporary and contract workers) include a clause mandating the payment of the National Living Wage or London Living Wage as applicable.

### Responsible workforce restructuring

Whilst we hope to avoid redundancies wherever possible, organisational changes may be required from time to time that result in some roles being made redundant. Where this is the case, it is conducted in a responsible manner in line with all applicable local laws. While local approaches may vary, impacted colleagues can access a range of information, support and guidance to help them navigate the process and identify new employment opportunities. For example, we provide outplacement services to help colleagues find opportunities outside of the Group and impacted colleagues can also access support through the employee assistance programme to help with emotional, financial, physical and social wellbeing.

## Community

The LSEG Foundation is the main channel for our community investment and engagement. Its mission is aligned with LSEG's purpose and is focused on enabling inclusive and sustainable economies and communities. Working with charity and NGO partners, it delivers a range of programmes across the globe enabling economic empowerment through education, employment and enterprise.

The LSEG Foundation receives its funding through LSEG plc donations and corporate and colleague fundraising. It delivers its mission by focusing on the following key strands of activity:

**Strategic partners:** Multi-year high-impact partnerships deliver economic empowerment programmes across the world. Current partners are Room to Read, Girls Who Code, Skills Builder and Women's World Banking.

**Regional partners:** Annual project and volunteering grants are given to a range of regional and local charities, tackling the issues that matter most in the communities where we operate.

**Sustainable economy:** The LSEG Foundation funds a small number of non-commercial initiatives which support a just transition to net zero. The current partners are the London School of Economics' Transition Pathway Initiative (TPI), IFRS Foundation's International Sustainability Standards Board (ISSB) and Chapter Zero.

**Disaster relief:** The LSEG Foundation partners with the International Rescue Committee to provide humanitarian relief caused by conflict or natural disasters. During the year, relief funding was given to those impacted by earthquakes in Turkey and Syria, floods in Libya, and the conflicts in Ukraine, Israel and Palestine.



We encourage LSEG's colleagues to support the LSEG Foundation's work through matched fundraising and by using their two annual volunteer days, to give their time and skills to our charity partners or other causes in the community.



Multi-year high-impact partnerships deliver economic empowerment programmes across the world. Current partners are Room to Read, Girls Who Code, Skills Builder and Women's World Banking.

### Governance

The LSEG Foundation is an independent entity regulated by the Charity Commission for England and Wales. It is governed by a Board comprising of six internal and two independent trustees. The Board meets quarterly and is chaired by LSEG's Chief People Officer. The independent trustees are Tom Jones, COO of Women's World Banking and Abha Thorat-Shah, Executive Director, Social Finance, of the British Asian Trust.

Day-to-day management of the charity is the responsibility of the Head of the LSEG Foundation, who is supported by a small dedicated team and three regional charity committees for the Americas, EMEA and Asia Pacific. Community Action Teams mobilise colleagues locally for fundraising and volunteering activities.

### Charity selection and grant process

Proposals for new strategic partnerships are developed by the LSEG Foundation management team and prospective partners are invited to apply and present to the Board of trustees. The proposal is then assessed and determined by the Board. Prospective regional charity partners are able to apply for grants during the annual application window, after which the application is assessed using a scorecard approach, on factors such as its alignment with the LSEG Foundation's objectives, clarity on programme delivery and impact measurement, and level of engagement across LSEG communities.

### Monitoring impact

Strategic, regional and sustainable economy partners are required to track and report on the impact of their work on behalf of the LSEG Foundation. We monitor key performance indicators for each charity and aggregate these metrics at the end of the year.

### Volunteering

We encourage LSEG colleagues to support the LSEG Foundation's work through matched fundraising and by using their two annual volunteer days, to give their time and skills to our charity partners or other causes that matter most to them.

Further detail of the LSEG Foundation's grants, colleague volunteering and impact measures are provided in the Sustainability Databook.



# Governance

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## Business conduct

### Employee Code of Conduct

The Code of Conduct sets out the standards and behaviours expected of all LSEG colleagues and contractors globally. It is freely available to all colleagues and contractors on the Company intranet in ten languages. It is also available externally on LSEG.com. Adherence to the Code is mandatory and forms part of the employment agreement. Failure to adhere to the Code would be reflected in a colleague's performance appraisal and could lead to termination of employment.

All colleagues are required to complete mandatory training on the Code each year and attest to understanding and complying with it.

Responsibility for the Code of Conduct rests jointly with the Group Chief Compliance Officer and the Group Head of Total Reward, Inclusion & Performance. They report to the Group General Counsel and Chief People Officer respectively, both of whom are members of the Executive Committee and report to the Group CEO.

The Code covers a range of topics including professional behaviour, bullying, harassment and discrimination, conflicts of interest, market abuse and insider dealing, gifts and entertainment, fair competition, bribery and corruption, sanctions, money laundering and terrorist financing, tax evasion, fraud, government, political and religious affairs, human rights, modern slavery, diversity and inclusion, the community and the environment, health, safety and security, information security, records management, the media and using social media responsibly, and Speak Up.



### Raising concerns

We are committed to providing an open environment where our colleagues, contractors and other third parties feel comfortable raising concerns about adherence to our Code of Conduct, relevant laws and regulations or if they consider something unethical or potentially harmful. LSEG's Speak Up Policy sets out how LSEG employees, contractors and other third parties can raise concerns confidentially while offering individuals protection from retaliation such as demotion, withholding of promotion, reduction of wages, discrimination, victimisation, harassment or unjustifiable disciplinary proceedings.

The process for raising concerns is:

- **Report:** individual selects their preferred channel for raising a concern, which could be with their manager, their manager's manager or HR, via the confidential and anonymous 24-hour Speak Up hotline (phone and online) which is independent from LSEG, or with their legal & compliance or risk contact. No proof is required to submit a report, just reasonable grounds for believing an issue exists.
- **Investigate:** the Speak Up team will acknowledge receipt of the report within seven days and will investigate the concern fully. To the extent possible, and in line with local laws, the person raising the concern will be informed when the investigation is complete.
- **Action:** depending on the investigation's findings appropriate and proportionate action will be taken.
- **Complaints:** if the person raising a concern has a complaint regarding its handling, that person can raise this with the Speak Up team, Chief Internal Auditor, or the Whistleblowing Champion who is the Chair of the Audit Committee.
- **Board review:** all whistleblowing reports are reviewed by the Audit Committee.

## Business conduct continued

### Financial crime, bribery and corruption

LSEG is committed to supporting government, law enforcement and international bodies to combat the use of the financial services sector to facilitate financial crime.

Financial crime, including bribery and corruption, is an identified risk to LSEG in the Group Risk Taxonomy. The Group has a very low appetite for financial crime breaches as it undermines the rule of law, democratic processes and the wellbeing and human rights of citizens, and distorts free trade and competition.

Our Financial Crime Policy sets out requirements to minimise financial crime, which encompasses, but may not be limited to, money laundering, terrorist financing, breach of international trade sanctions, bribery and corruption, fraud and false accounting, insider trading, market abuse, theft or misuse of confidential information or other malpractice.

LSEG also has a dedicated policy on anti-bribery and corruption which applies globally and is aligned with the UK Bribery Act and the US Foreign Corrupt Practices Act.

The LSEG Anti-Bribery and Corruption Policy makes clear the specific responsibilities of all colleagues and business partners and we require all our colleagues, partners, agents, suppliers and customers to comply.

Involvement in the activities covered by the Bribery Act by any of our suppliers, customers, partners and agents can lead to termination of all the relevant agreements and relationships with our Group. LSEG has zero-tolerance towards breaching bribery regulations that is fully backed throughout the business and by the Board of Directors and the Executive Committee.

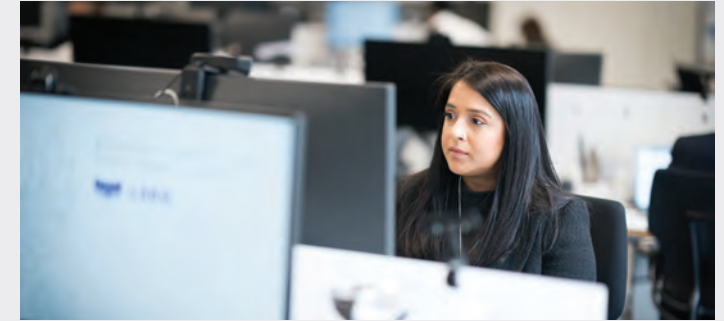
LSEG's process for managing bribery and corruption risk includes:

- Use of proportionate procedures including preventative and detective controls and conducting risk assessments.
- Mandatory bribery and corruption training for all employees.
- Senior leadership communication of LSEG's zero tolerance for bribery and corruption.
- Appropriate due diligence on third parties.
- Monitoring of anti-bribery and corruption measures and controls to test effectiveness.

### Global tax strategy

The payment of tax is an important contribution to the economies and societies that LSEG operates in, and we believe in the obligation to pay our fair share of tax legally due in any country at the right time.

LSEG's Tax Governance Policy sets out the Group's approach on tax compliance and reporting, risk management and planning. In line with this, the Group does not undertake tax positions that would damage the brand and reputation of the Group or undermine the Group's Tax Strategy and/or governance. Similarly, LSEG does not undertake purely artificial transactions to obtain a tax benefit and will under no circumstance knowingly evade tax. To that end, we are committed to ensuring that our transfer pricing and intercompany transactions reflect the economic substance of the business to achieve fair and appropriate allocation of profits in all the jurisdictions we operate. Finally, we ensure the Group complies with all relevant tax laws and regulations, considering policy intent. The Group Chief Financial Officer is the executive responsible for the Global Tax Policy and the Audit Committee is responsible for its oversight.



LSEG is committed to supporting government, law enforcement and international bodies to combat the use of the financial services sector to facilitate financial crime.

## Information security and data privacy

### Cyber security

Information security is a significant risk to LSEG, its customers and business partners.

Information security is the accountability of the Chief Information Officer (CIO) who is a member of the Executive Committee and reports to the CEO. The day-to-day management is the responsibility of the Chief Information Security Officer (CISO) who leads our dedicated Cyber Security function which defines the information security strategy and provides appropriate controls and capabilities to the Group.

Each business division within LSEG is supported by embedded Business Information Security Officers (BISOs) who ensure security risks are identified and managed in line with Group standards and controls. BISOs are part of the Cyber Security leadership team.

### Policies

LSEG maintains a comprehensive set of Group internal policies endorsed by the Board and Executive Committee. The policies outline key principles and take into consideration relevant industry standards and regulatory requirements relating to information security and data privacy.

### Information security policy

LSEG's Information Security Policy sets out the overarching enterprise-wide information security guidance through which information security risks are identified and managed. It describes the policy positions and guidance that must be followed when handling information or using LSEG assets and resources. The Information Security Policy and its supporting security standards are aligned to global industry standards, including those defined by the National Institute of Standards and Technology and the Financial Services Sector Coordination Council (NIST FSSCC). Regulatory requirements are monitored and incorporated in the policy as required.

### Data privacy policy and privacy programme

LSEG's Privacy and Data Protection Policy sets out the Group's policy on data protection and privacy compliance. This applies to all personal data that is collected, maintained, and used in any format by any division, business unit or affiliate of LSEG. The Group takes data protection and privacy seriously and seeks to ensure that personal data that is processed during the course of its business is used fairly, lawfully and in compliance with all applicable data protection and privacy legislation. The Policy outlines the principles, governance structure, roles, and responsibilities, and underpins the LSEG Privacy Programme which has embedded controls and processes to help manage data privacy risk. Privacy by Design is an integral part, meaning privacy is built into our systems and processes from the outset. The key data privacy principles that underpin the policy include:

- Lawfulness, fairness and transparency.
- Lawful basis.
- Purpose limitation.
- Data minimisation.
- Accuracy.
- Data retention.
- Security, integrity and confidentiality.

LSEG's Data Privacy Programme is based on the Centre for Information Policy Leadership (CIPL) Privacy Framework, which aligns with guidance published by regulators and industry guidelines such as NIST. Senior leadership maintains oversight in the implementation of the Privacy Programme.

### Data classification and handling

The LSEG data classification and handling standard mandates the rules for the classification and handling of data held by the Company. Data is classified according to its sensitivity to determine the level of controls required. This includes, but is not limited to, encryption, for example where sensitive data is transmitted over public networks or held in off-site backup locations. Cryptographic requirements are defined in the LSEG Cryptographic Standard.

Details include:

- Usage of industry standard encryption methods and LSEG approved algorithms.
- Usage of LSEG approved solutions for transferring data between the Group and third parties.
- Establishment and documentation of key management processes.
- Public Key Infrastructure, certificate management and authorities.

### Training and awareness

All colleagues are required to complete mandatory training and an assessment regarding information security and data privacy each year. All colleagues and contractors complete mandatory information security training on joining LSEG, and at least annually on an ongoing basis, to ensure they are made aware of their responsibilities, common information security threats, asset and data classification systems and usage, risk indicators and reporting of incidents.

LSEG performs regular phishing simulations and provides follow-up training where click rates are deemed higher than they should be. Specialist and focused training is also mandated for staff operating within certain designated high-risk roles.

### Monitoring of effectiveness

The performance and effectiveness of LSEG's information security and data privacy controls are regularly tested using a variety of means. These include:

- Executive reporting and senior management committees
- Group Risk oversight and challenge of information security risk management activities
- Design and operating effectiveness testing of key information security controls
- Internal and external audit engagements to evaluate LSEG's security risk profile and controls
- Periodic assessments of key data centres against industry certifications and accreditations such as ISAE 3000 or ISO 27001
- Engagement of independent third parties to perform SOC2 security assessments for selected applications.

### Business continuity arrangements

LSEG's Business Continuity Policy is aligned to ISO 22301 and business continuity plans are established and tested periodically in line with agreed standards and requirements. Each LSEG business unit has business continuity procedures in place. These allow important services to be continued at alternate locations in the event business continuity plans are initiated. Employees are trained to be aware of and understand their roles and responsibilities in the event of a disruptive incident.

## Government relations

### Political donations

LSEG does not express support for any particular political party, political organisation or political candidate. We do not make direct financial donations to political parties.

Colleagues may choose to make donations from their own personal funds (including those to a Political Action Committee (PAC) in the US) provided that all regulatory and legal requirements are met, and that they are not made on behalf of the Group or made with the intention of appearing to be on behalf of the Group.

For instance, LSEG has established a US PAC which is a voluntary pool of eligible employee personal contributions. LSEG's PAC supports bipartisan candidates for US Congress and does not participate in state, local, or presidential races. LSEG's PAC is strictly governed by the rules of the US Federal Election Commission (FEC) and is legally required to file publicly available reports disclosing all receipts and disbursements.

### Advocacy

LSEG engages with governments, regulators, policymakers and political parties on various issues that might impact our business, our customers, and the business environment in which we operate. When engaging with these groups we clearly identify ourselves as representing LSEG and follow applicable lobbying and antitrust laws, restrictions and regulations. LSEG's Government Relations and Regulatory Strategy (GRRS) team works to support the development of policy and regulation globally and in the jurisdictions in which LSEG operates. All colleagues must contact the GRRS team before engaging with government officials, regulators or politicians or speaking publicly about policy matters on behalf of LSEG.

### Trade associations

LSEG participates in many trade associations and industry groups globally. We believe that it is important for LSEG to contribute to discussions relevant to public policy and other issues that impact the financial sector and wider business community. However, LSEG's involvement does not imply that we support every collective position taken by these organisations.

### Policy consultation responses and thought leadership

Each year LSEG responds to a large number of consultations; many of those responses are published by the respective policy makers. In 2023, examples of some of the more prominent sustainability-related consultations to which we responded include:

- International Sustainability Standards Board (ISSB) Consultation on Agenda Priorities. Available [here](#).
- European Commission Consultation on Proposal for a Regulation on the Transparency and Integrity of ESG Rating Activities. Available [here](#).

LSEG also shares select perspectives on policy and regulation via our website. 2023 examples of our policy insights on sustainability include:

- Now is the time to make climate transition plans “business as usual”. Available [here](#).
- ISSB is the catalyst to accelerate sustainable investment. Available [here](#).



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## Sustainability risk management

### Sustainability risk management framework

The Group is subject to a variety of risks which may have an impact on our ability to deliver our strategic plan. These include sustainability-related risks which have been integrated into LSEG's risk management processes and procedures and are reflected in our risk taxonomy and Enterprise Risk Management Framework. The requirements for the management of sustainability risk specifically are defined within the Sustainability Risk Management Framework, newly published in 2023.

Sustainability is a specific strategic risk, manifesting in product risk strategy, greenwashing, ESG ratings and climate transition. Sustainability risks are also embedded within a wide range of other existing strategic and non-strategic risks within our risk taxonomy, including operational resilience; people; regulatory, compliance, legal, corporate disclosure and financial and model risks.

All business functions and divisions within the Group are responsible for identifying and assessing their risks, inclusive of sustainability risks. Risks are identified through a variety of means, including horizon scanning, emerging risk exercises and ongoing periodic reviews of the risk profile. These are then assessed on an ongoing basis, as well as through specific activities, such as the annual risk and control assessment and third-party risk assessments. Risks and opportunities with a potential 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. In addition to ongoing assessment, climate risks are specifically assessed as part of climate risk modelling activities.

### Sustainability risk management team

This team sits within the Group Risk function. It provides guidance and training on the requirements of the Sustainability Risk Framework and supports Divisional/Functional Risk Coverage teams to review and challenge the sustainability risk profile of Divisions and Functions. The team is also responsible for developing a Group-wide view of the management and status of sustainability risks.

The Sustainability Risk Team reports to the Non-Financial Risk Committee (NFRC) when specific issues arise, and to the Board Risk Committee no less than annually and as needed.

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. Sustainability risks are also discussed at the Sustainability Committee, as appropriate; for example these may stem from regulatory changes, reputational risks or climate-related risks.

### Promoting a positive risk culture

A positive risk culture is developed at LSEG in a number of ways. One of LSEG's Group Strategic Objectives is 'Resilience' which is focused on driving risk awareness and management, improving infrastructure and delivering long-term resilience, compliance and sustainable growth. Risk management criteria are incorporated into colleagues' annual performance reviews via their alignment to the Group's Strategic Objectives which in turn are linked to colleague remuneration.

Awareness and understanding of the Group Enterprise Risk Framework, including sustainability risks, is developed through training and awareness raising exercises such as the Annual Risk Culture Week, quarterly webinars on risk themes, and an Enterprise Risk Management intranet page which helps colleagues understand their roles in implementing effective risk management at LSEG.

## Skills and competence

It is important that those involved in overseeing and delivering LSEG's sustainability strategy have the appropriate skills and competencies. In 2023 we introduced new learning resources to ensure colleagues can develop their sustainability knowledge.

### Sustainability Campus

Available to all colleagues on the Group intranet, the LSEG Sustainability Campus is a central information hub to help colleagues build their sustainability knowledge at their own pace. The Campus houses a wide range of resources such as videos, interviews, podcasts, and reading materials. It also provides two modular learning pathways which each take around five hours to complete. These are easy to follow curated learning pathways comprising online video and reading content.

#### The Foundation Pathway

A modular course that builds sustainability knowledge on key material topics, taking a total time of five hours to complete:

- Introduction: LSEG's commitment to sustainable growth
- Module one: climate
- Module two: biodiversity
- Module three: human rights
- Module four: take action
- Understand key sustainability terms

#### The LSEG Pathway

This develops a deeper understanding of LSEG's sustainability strategy and programmes, taking a total time of five hours to complete:

- Module one: introduction to LSEG sustainable growth
- Module two: our ambition and strategy
- Module three: our action on climate
- Module four: inclusive economies and the LSEG Foundation
- Module five: reporting on our progress
- LSEG sustainable finance and investment
- Sustainability glossary

### Sustainability Unlocked

For colleagues who need to develop a deeper level of knowledge than available through the Sustainability Campus, in 2023 we introduced an online sustainability learning portal, Sustainability Unlocked. This is managed by a third party and gives access to 350+ videos on a range of sustainability topics. These videos are presented by experts in their field and are accompanied by graphics and short tests to support learning journeys. The portal is constantly updated to help people navigate the fast-moving sustainability agenda.

We have identified almost 2,000 colleagues who, due to the nature of their role, are eligible to complete training on this platform enabling them to develop their sustainability skills and competence. Each colleague in scope has assigned learning, tailored for their role, for which they can collect Continuing Professional Development (CPD) points.

All members of the Executive Committee, Executive Risk Committee, Sustainability Committee and Climate Transition Steering Committee and Group Leaders have access to Sustainability Unlocked. Other groups with access to this platform include colleagues in Finance, Legal & Compliance, Procurement, Risk, People, Sales and Account Management, Property & Facilities, Communications, Marketing, Government Relations and Regulatory Strategy, and Sustainability and Sustainable Finance roles.

### Board sustainability experience and skills

A Board effectiveness review is carried out annually in line with the UK Corporate Governance Code with a review being externally facilitated every three years. The last externally facilitated review was conducted in 2022 which included sustainability considerations. This led to training in 2023 for the Audit Committee regarding climate-related reporting requirements and regulations.

The 2023 Board effectiveness review was conducted internally using a questionnaire provided by Lintstock building on the 2022 review. The review included considerations regarding sustainability which will inform Board insight sessions on sustainability in 2024.



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## Supply chain

### Supply chain governance

LSEG works with over 5,000 suppliers. We are committed to maintaining high standards of integrity and risk management in our supply chain as set out in our Group Procurement Policy and our Third-Party Risk Management (TPRM) Policy. All suppliers are required to comply with our Supplier Code of Conduct which sets out our expectations of suppliers. The Code covers bribery and corruption, payment of taxes, labour and human rights, modern slavery, diversity and inclusion and environmental management. Supplier contracts contain standard clauses regarding sustainability matters such as environment, human rights and modern slavery, as well as the requirement to adhere to LSEG's Supplier Code of Conduct. The Supplier Code of Conduct can be found on [lseg.com](https://lseg.com).

### Integration of sustainability into supply chain

We have embedded sustainability considerations into all stages of our supply chain process, from sustainability questions in our RFP process, inherent risk questionnaire, and due diligence through to minimum control requirements making clear what we expect to see in place for all third parties, including human rights, diversity and inclusion, environment, legal compliance and grievance mechanisms. Ongoing screening of all suppliers is carried out continuously to identify any business conduct controversies that may arise. Identified issues are investigated to determine the appropriate course of action, which may involve further analysis or engagement with the supplier. Ultimately LSEG could terminate a supplier contract if the issue is not satisfactorily resolved. No contracts have been terminated due to sustainability concerns during the year.

### Raising concerns

Where concerns arise regarding a third party's adherence to LSEG's Supplier Code of Conduct, relevant laws or regulations, these can be reported in line with LSEG's Speak Up Policy. All LSEG colleagues, all suppliers, and all supply chain workers are provided the means to raise concerns via our whistleblowing system. The confidential 24-hour Speak Up hotline (phone and online) is managed independently from LSEG and concerns can be raised anonymously if preferred. Failure to comply with the Supplier Code of Conduct or with applicable laws, and regulation may result in termination as an LSEG supplier, where this right has been contractually agreed in advance by both parties, and referral of the matter to local authorities.

### Climate targets

As part of our Climate Transition Plan, we have set a supply chain engagement target. Our target is approved by SBTi and aims to ensure that suppliers responsible for at least 67% of our Scope 3 (purchased goods and services) emissions have adopted their own science-based emission reduction targets. All category managers have undertaken tailored training to equip them to engage with suppliers regarding our climate targets. Also during the year we hosted a series of webinars for suppliers focused on LSEG's Climate Transition Plan, requirements of suppliers regarding our climate targets, carbon reduction methods and climate change training.

Guidance documents have been provided for those suppliers who we expect to adopt science-based targets including: Step-by-step Guide to Science-Based Targets; Reduction Strategies to achieve Science-Based Targets for Scopes 1, 2 and 3 emissions; Scope 1 and 2 Greenhouse Gas Inventory and Target-Setting Basics.



Suppliers by emissions to have set science-based targets by 2026

# 67%



# Glossary



## Glossary

### Biodiversity

The biological diversity of flora and fauna species on Earth, a complex web of life that underpins the natural life processes on the planet.

### Carbon neutral

Refers to an activity or a company which offsets the same amount of carbon or greenhouse gases that it emits. Carbon neutral means that emissions produced and offset are equivalent.

### Carbon offset or credit

A carbon offset broadly relates to a reduction in greenhouse gas emissions – or an increase in carbon storage – that is used to compensate for emissions that occur elsewhere, created from carbon dioxide-saving projects or programmes.

### Climate change

Climate change refers to long-term shifts in temperatures and weather patterns which may occur due to natural forces, such as variations in the solar cycle or volcanic eruptions but, are also driven by persistent anthropogenic (caused by or influenced by people) factors such as the burning of fossil fuels, agriculture and industrial processes.

### Climate change adaptation

Policies and actions to increase resilience to the effects of climate change.

### Climate change mitigation

Policies and actions to reduce the emissions of greenhouse gases, such as reducing the amount and intensity of fossil fuel burnt.

### Climate risk

The risks associated with a changing climate, including physical risks – such as those arising from changes in weather patterns, rising temperatures, sea-level rise, and extreme weather events – and transition risks, arising from changes associated with the transition to a low carbon economy, such as policy, regulatory and technology change.

### Climate transition plan

A plan setting out how an organisation will contribute to, and prepare for, the global transition towards a low carbon economy.

### COP

Under the UN Framework Convention on Climate Change (UNFCCC) the acronym 'COP' stands for 'Conference of the Parties'. The COP is the supreme decision-making body of the UNFCCC. All States that are Parties to the Convention are represented at the COP, at which they review the implementation of the Convention and any other legal instruments that the COP adopts and take decisions necessary to promote the effective implementation of the Convention, including institutional and administrative arrangements.

### Equity, diversity and inclusion (EDI)

Equity refers to the fair treatment of all people ensuring equal access, opportunity, treatment, outcomes and impact in employment and service delivery. Diversity is the differences between people in terms of gender, ethnicity, abilities, age, beliefs, socioeconomic background, marital or partnership status and sexual orientation. Inclusion is the practice of including people in a way that is fair for all, values everyone's differences and empowers and enables each person to be themselves and achieve their full potential.

### Energy attribute certificate (EAC)

Certificates that provide information about the environmental attributes of electricity per megawatt hour. EACs label electricity that has not emitted carbon in its generation as renewable (solar, wind, biomass) and are the most credible way of ensuring a business is purchasing from a viable source, other than through direct procurement from a local renewable source. Renewable generators can sell EACs together with the electricity itself (bundled) – often in the form of a green tariff – or separately to the electricity (unbundled). Both methods are valid, robust ways to track and claim renewable electricity sourcing.

### GFANZ

Glasgow Financial Alliance for Net Zero (GFANZ) is a global coalition of leading financial institutions committed to accelerating the decarbonisation of the economy to achieve the objectives of the Paris Agreement.

### Greenhouse gas (GHG) emissions

Gases that contribute to the greenhouse effect by absorbing infrared radiation in the Earth's atmosphere. Carbon dioxide and methane are examples of greenhouse gases. These are released into the atmosphere as a result of power generation, transportation, agriculture and other industrial processes.

### GHG emissions: Scopes 1, 2, and 3

Scope 1: all emissions from the direct activities of an organisation owned or controlled by them such as fuel combustion on site from generators or gas boilers. Scope 2: indirect emissions from energy purchased and used by the organisation. Scope 3: all other indirect emissions from activities of the organisation, occurring from sources not under their ownership or control. Scope 3 emissions often form the greatest share of an organisation's carbon footprint, covering upstream and downstream emissions associated with purchased good and services, business travel, products and services, waste and water.

### Green tariffs

Programmes in regulated electricity markets offered by utilities that allow commercial, industrial and household customers to buy bundled renewable electricity from a specific project through a special utility tariff rate.

### Greenwashing

Greenwashing involves providing misleading or false information, or omitting information in public communications such as product descriptions, marketing or advertising. This can occur intentionally or unintentionally and can have significant reputational, commercial or regulatory consequences.

### Human rights

Human rights are the basic rights and freedoms that belong to all human beings, regardless of race, sex, nationality, ethnicity, language, religion, or any other status. These include the right to life and liberty, freedom from slavery and torture, freedom of opinion and expression, the right to work and education, and many more. Everyone is entitled to these rights, without discrimination.

### ISSB

The ISSB (International Sustainability Standards Board) maintains standards for high-quality, comprehensive global baseline sustainability disclosures focused on the needs of investors and the financial markets.

### Net zero

Net zero means reducing all greenhouse gas emissions as much as humanly possible and offsetting only the emissions that cannot be eliminated. Net zero GHG emissions are designed to keep us on track for a global temperature rise of less than 1.5°C compared with pre-industrial levels.

## Glossary continued

### Materiality

A materiality assessment identifies and prioritises the sustainability issues that matter most to an organisation and its stakeholders. The relevance of sustainability issues evolve in light of global events, regulations and changing stakeholder interests.

### Modern slavery

An umbrella terms for extreme forms of exploitation such as human trafficking, slavery and slavery-like practices such as servitude, forced or bonded labour, forced marriage and child exploitation.

### Paris Agreement

The Paris Agreement, adopted within the United Nations Framework Convention on Climate Change (UNFCCC) in December 2015, aims to strengthen the global climate change response by increasing the ability of all to adapt to adverse impacts of climate change and foster climate resilience. It aims to hold the level of average global warming well below 2°C and pursue efforts to hold it well below 1.5°C.

### UN Race to Zero

Race To Zero is a global campaign to rally leadership and support from businesses, cities, regions and investors for a healthy, resilient, zero carbon recovery that prevents future threats, creates decent jobs, and unlocks inclusive, sustainable growth.

### Renewable energy

Also referred to as clean or green energy which is sourced by means that are naturally replenished, such as solar and wind, as opposed to finite fossil fuels.

### Residual emissions

Emissions sources that remain unabated after mitigation.

### RE100

A global corporate leadership initiative bringing together businesses committed to 100% renewable electricity. Companies joining RE100 set a public goal to source 100% of their global electricity consumption from renewable sources by a specified year, either by purchasing it directly or using energy attribute certificates.

### Science-based targets

Carbon emissions targets that are in line with reductions necessary to meet the goals of the Paris Agreement to limit global warming to well-below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C. The science-based targets initiative (SBTi) approves targets which are science-based.

### Sustainability

Sustainability refers to the capacity to maintain or support a process continuously over time. In business and policy contexts, sustainability seeks to avoid the depletion of natural resources, maintaining a balance between environmental, social and economic goals. The 1987 UN Brundtland Commission defines sustainable development as “meeting the needs of the present without compromising the ability of future generations to meet their own needs”.

### Sustainable Finance and Investment (SFI) solutions

LSEG’s products and solutions including sustainability-related data, analytics, indices, capital raising and corporate services.

### Taxonomy

Sustainable finance taxonomies are the criteria that enable an evaluation of whether, and to what extent, a company’s products and services contribute to sustainability goals.

### TCFD

The Taskforce on Climate-related Financial Disclosures (TCFD) provides recommendations regarding the corporate disclosure of an organisation’s management of climate change.

### TNFD

The Taskforce on Nature-related Financial Disclosures (TNFD) provides recommendations regarding the corporate disclosure of an organisation’s management of nature and biodiversity.

### Voluntary carbon market

Markets where carbon credits are purchased, usually by organisations, to offset their emissions.

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

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