



# **LSEG's Climate Goals:** Enabling the global financial system to play its role



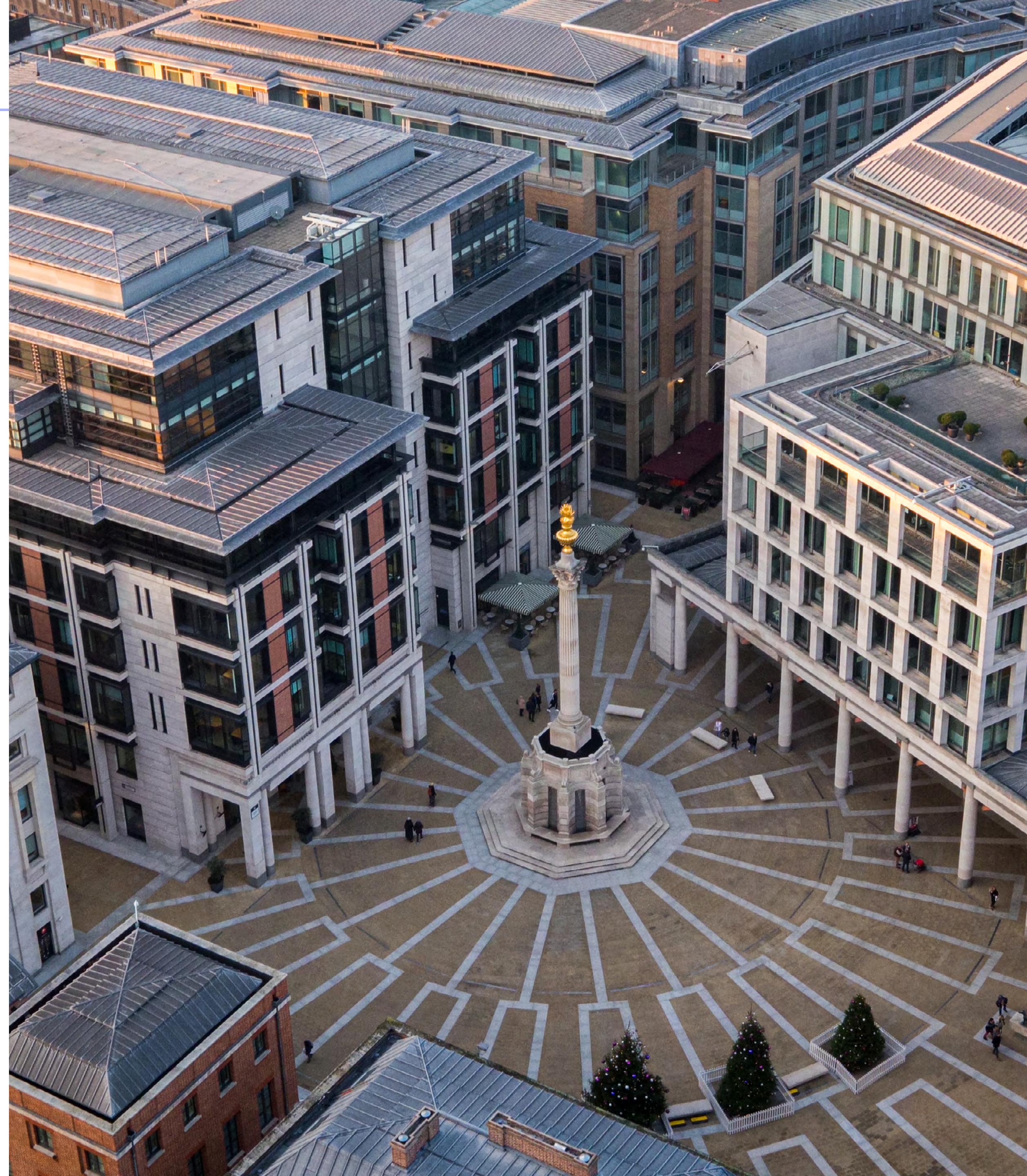
**LSEG**



**LSEG is a leading global financial infrastructure and data provider, playing a vital social and economic role in the world's financial system. We are committed to being a strategic enabler of sustainable growth and supporting our customers in the transition to a low carbon economy.**

This document sets out how we are evolving our climate transition plan; building on our existing targets relating to our operational emissions and supply chain; and adding goals related to our products, services and market engagement.

This document should be read alongside our [2022 Climate Report](#) and our 2021 [Climate Transition Plan](#).





# Background

LSEG, and its group companies, have played a leading role in sustainable finance and investment for over 20 years. This has included:

- Launching the FTSE4Good index series in 2001;
- Being a founding member of the Principles for Responsible Investment in 2006;
- Launching the world's first green industry classification system in 2008;
- Building on the pioneering work of companies we acquired including Asset4 in 2009, an early pioneer of ESG data, and Beyond Ratings in 2019, a specialist in fixed income ESG and climate analytics (now LSEG Sovereign Sustainability Solutions).

In 2015, we became the first major exchange to launch a dedicated Green Bond Segment, and in 2019 we launched the Sustainable Bond Market. As a group we have been publishing sustainability reports for well over a decade and were a vocal supporter of TCFD since its recommendations were launched in 2017.

In January 2021, LSEG joined the United Nations Climate Change 'Race to Zero', becoming the first global exchange group to commit to net zero with its own ambitious emissions reduction targets, which were recognised by the Science Based Targets initiative (SBTi) to align with the goals of the Paris Agreement. These targets relate to our operational emissions and supply chain (see Box). We are now building on those foundational targets by setting goals for integrating climate capabilities within our products, services and market engagement, and these goals build on the frameworks developed by the Net Zero Financial Service Providers Alliance (NZFSPA).

## Our Emissions Reduction Targets:

As part of our overall ambition to reach net zero by 2040, LSEG announced ambitious emissions reduction targets in 2021. These commit us to:

- Reducing absolute scope 1 and 2 GHG emissions by 50% by 2030 from a 2019 base year
- Reducing absolute scope 3 GHG emissions from fuel and energy related activities, business travel, homeworking and employee commuting by 50% by 2030 from a 2019 base year
- Ensuring that 67% of our suppliers (by emissions from purchased goods and services) will have established their own science-based emissions reduction targets by 2026

These targets have been independently recognised to align with the goals of the Paris Agreement by the Science Based Targets Initiative<sup>1</sup> (SBTi).

To meet these targets, we have established a firm-wide programme to monitor and manage our emissions. In our first [Climate Transition Plan](#) published in 2022, we set out further interim targets and how we plan to achieve them. We also regularly report on our progress towards our emissions reduction targets as part of our annual Sustainability/[Climate Reporting](#).



<sup>1</sup> [About us – Science Based Targets Initiative](#)

## Climate-focused customer solutions

LSEG is one of the world's leading providers of financial markets infrastructure and delivers financial data, analytics, news and index products to more than 45,000 customers in over 170 countries and has approximately US\$15.9 trillion benchmarked to its indexes. Backed by more than three centuries of experience, innovative technologies and a team of 25,000 people in over 60 countries, we are driving financial stability, empowering economies and enabling our customers to grow sustainably.

Today, climate and other sustainability focused solutions are an integral part of our client offering across our business divisions. They enable our clients across financial markets to better measure climate performance for assets, companies, countries, funds, or portfolios; to better identify and manage climate-related risks and opportunities in markets across the globe; and to raise capital and navigate a complex and fast-changing regulatory landscape.

These products and solutions include:

- Data and feeds, analytics and workflow solutions in our **Data & Analytics** division. These enable our customers to seamlessly integrate climate intelligence into decision-making at every point in the trade lifecycle and across asset classes. For example, our ESG data covers over 16,000 public and private companies and 700,000 bonds, which may be accessed in LSEG Workspace alongside analytical and regulatory reporting capabilities.
- Benchmarking and investment solutions by our index division, **FTSE Russell**, which enable asset owners and asset managers to hardwire climate risks and opportunities into their investment approach across asset classes, from transition indices to Paris-aligned benchmarks. As at June 2023, more than US\$260 billion in passive AUM track FTSE Russell sustainable investment indices, a 110% increase since December 2020.
- Climate-related capital raising, corporate services, and risk-screening and due diligence services as part of our **Markets** division. This includes helping issuers raise capital and engage the finance and investment community through the Sustainable Bond Market (SBM), Green Economy Mark, and Voluntary Carbon Market Designation. In 2023, over £64 billion of capital was raised by new and existing bonds on the SBM through 119 issuances and, since its inception, a total of £232 billion has been raised by bonds on the SBM.

More information on LSEG's sustainable finance and investment products and services can be found on [lseg.com](https://lseg.com).



## Principles guiding our approach to climate goals for our products and services

Our capabilities enable us to support LSEG customers who are adopting and implementing climate transition plans.

Our approach to setting goals associated with our customer solutions is fundamentally guided by customer choice. We support customers who use our products and services to work towards their climate ambitions, by helping them to embed climate in their investment, finance, capital raising and business decisions. We applied the following principles when setting our goals:

- **LSEG is an enabler in the financial sector:** we support market participants by providing the data and market infrastructure they need to inform how they choose to invest, provide finance, raise capital, or make business decisions.
- **We offer flexibility as there are multiple ways to measure progress towards net zero<sup>2</sup>,** which are evolving and maturing. These include but are not limited to measuring absolute reductions across an organisation's emission profile; using intensity measures where emissions are normalised against production or financial measures or against peers; measuring climate solutions; enhancing the quality of climate governance or transition plans; and improving the credibility of forward-looking climate targets. LSEG provides a diversity of products and services to market participants, creating flexibility for customers to implement their specific net zero strategies.
- **We enable engagement between the financial sector and the real economy, which is critical to deliver reductions in real-world emissions.** Through our products and services, we can foster engagement between the providers and users of capital to assist those parties to implement their climate transition plans.

<sup>2</sup> We adopt the definition of 'net zero' from the SBTi Corporate Net Zero Standard V1.1 2023: "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."





## Setting climate goals related to our products and services

In September 2021, LSEG became a founding member of the Net Zero Financial Service Providers Alliance (NZFSPA), a global group of financial service providers that support the goal of net zero in line with the ambition to limit global temperature increase to 1.5°C from pre-industrial levels.

Since its launch, the NZFSPA has worked to establish frameworks for the purpose of enabling Alliance members to independently develop company-specific targets in relation to products and services, and engagement with the market and the public sector, which are in accordance with the [Alliance goals](#).

LSEG's engagement in the NZFSPA is coordinated across several Alliance workstreams: Research and data; indices and benchmarks; and stock exchanges. We have set goals/targets across each of these workstreams relating to relevant products and services we provide across our businesses to meet our customers' needs. Further detail of the targets we have set can be found in table 1, however illustrative examples include:

- As a stock exchange, building on our existing services, we will provide more tools to help companies to set and deliver their own sustainability reporting and climate transition plans.
- As a research and data provider, we will integrate additional climate data into relevant LSEG Data & Analytics products by the end of the year. We will also develop new climate data and analytics capabilities that will be integrated into relevant LSEG Data & Analytics products during 2025 and beyond.
- As an index and benchmark provider, we will further evolve and build out our climate and climate transition index families including expanding across major equity and fixed income universes to provide more options and capabilities for investors.

More detail on our goals can be found in table 1. We will report on progress annually and in the future, we intend to integrate our reporting on progress against our goals within our existing annual sustainability reporting suite.





Table 1: LSEG's goals aligned with the NZFSPA framework


LSEG Targets <sup>3</sup>	As a research and data provider	As an index and benchmark provider	As a stock exchange
<p><b>Products and services</b></p>	<ul style="list-style-type: none"> <li>- We will integrate additional climate data into LSEG Data &amp; Analytics' relevant products by the end of 2024. As a data and analytics provider enabling customers to transition to net zero, we define relevant products as feeds and workflow solutions.</li> <li>- We will build out and develop new, market-leading climate data, analytics and capabilities into LSEG Data &amp; Analytics' relevant products to support the evolving net zero data requirements of our customers during 2025 and beyond.</li> </ul>	<ul style="list-style-type: none"> <li>- We will build out the FTSE Russell climate index families, by the end of 2025, growing index coverage across asset classes and the most widely used equity and fixed income indices. This will include those with an explicit net zero focus such as:                             <ul style="list-style-type: none"> <li>- FTSE EU Climate Benchmarks (Paris Aligned Benchmarks/ Climate Transition Benchmarks); and</li> <li>- FTSE Russell Climate Transition Indices (e.g. TPI Climate Transition Index Series)</li> </ul> </li> <li>- To enhance the existing product offerings, FTSE Russell will extend disclosure practices by the end of 2025 through the development and launch of climate centric or broader ESG reports providing additional detail on index level exposure (e.g. comparing climate index characteristics to the relevant underlying universes).</li> </ul>	<ul style="list-style-type: none"> <li>- We will build out our existing tools and services for issuers to reflect the evolving needs of investors and regulatory requirements; for example, by providing updated guidance on corporate disclosures, and climate transition plans by the end of 2024.</li> <li>- Through 2024 and beyond, we will continue to evolve and innovate to enable and scale access to climate-related finance and investments; for example, through expansion of our Sustainable Bond Market and capacity building in carbon markets.</li> </ul>
	<ul style="list-style-type: none"> <li>- We will support the Transition Pathway Initiative (TPI) Centre at the London School of Economics to evolve and grow the data required for the Management Quality Score and the expansion of its universe and asset class coverage.</li> </ul>		

3 The NZFSPA frameworks also include operational targets, however LSEG has previously disclosed these under SBTi and within our Climate Transition Plan. Find our full suite of sustainability disclosures [here](#).

LSEG Targets <sup>3</sup>	As a research and data provider	As an index and benchmark provider	As a stock exchange
<p><b>Transparency and governance</b></p>	<ul style="list-style-type: none"> <li>– We will define and annually disclose LSEG’s definition of net zero data and relevant products.</li> <li>– We will ensure we are transparent and regularly disclose the relevant aspects of data, research and analytics to support accurate use of our climate data by our customers.</li> <li>– We will publish methodology documentation for climate-related products and services as well as additional customer-only disclosures, including user guides where relevant.</li> </ul>	<ul style="list-style-type: none"> <li>– We will publish full methodologies for all climate and ESG indices, including how the climate or ESG data is curated and calculated through 2024 and beyond.</li> <li>– We will expand existing reporting frameworks by the end of 2025 to provide customers with index-level climate and ESG information including:                             <ul style="list-style-type: none"> <li>– Sustainable investment data packs, including decarbonisation targets</li> <li>– Sovereign Reports</li> <li>– Climate reports (including carbon intensities, green revenues, exposures to carbon reserves, climate governance scores)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>– We will continue to evolve the governance associated with our sustainable finance products and services in line with best practice and ensure transparency of the associated methodologies for those using them.</li> </ul>
<p><b>Engagement and education</b></p>	<ul style="list-style-type: none"> <li>– We will actively engage with industry initiatives, regulators and standard setters on climate disclosures to improve data availability, comparability and usability across the financial services industry.</li> <li>– We will contribute to the evolution of market practice with respect to the integration of climate considerations into index and data methodologies by playing an active role in industry forums, engaging with index users and regulators.</li> <li>– We will continue to conduct transparent market consultations when seeking to make changes to existing climate and sustainability indexes.</li> </ul>		<ul style="list-style-type: none"> <li>– We will support investor requirements for transition plans and climate disclosures by building climate understanding among the issuer community through thought leadership and training. We have committed to deliver 2 training sessions in 2024.</li> </ul>
<p><b>LSEG will:</b></p> <ul style="list-style-type: none"> <li>– Advocate for mandatory adoption of ISSB (International Sustainability Standards Board) across key markets by 2025 through pro-active engagement with industry bodies, such as the UN Sustainable Stock Exchange initiative and the PRI (Principles for Responsible Investment) as well as governments worldwide</li> <li>– Engage with standard setters, policymakers and regulators focusing on the policy required for climate transition planning and transition finance, including through our role in relevant industry initiatives. We will facilitate structured engagement between investors, issuers and intermediaries by hosting events that promote dialogue on green and climate finance, helping to build the required knowledge and capacity across the financial ecosystem to scale climate-focused investments</li> <li>– Provide educational materials, multi-asset climate research, thought leadership and training to customers about climate transition on at least a semi-annual basis</li> <li>– Provide internal training for relevant employees in relation to the delivery of these targets</li> </ul>			





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