



LSEG

Submission to CDP

Reporting period: 2019

31 December 2020



C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

London Stock Exchange Group (LSE.L) is a diversified international market infrastructure and capital markets business sitting at the heart of the world's financial community. The Group can trace its history back to 1698.

The Group operates a broad range of international equity, bond and derivatives markets, including London Stock Exchange; Borsa Italiana; MTS, Europe's leading fixed income market; and Turquoise, a pan-European equities MTF. It is also home to one of the world's leading growth markets for SMEs, AIM. Through its platforms, the Group offers international business and investors unrivalled access to Europe's capital markets.

Post trade and risk management services are a significant part of the Group's business operations. In addition to majority ownership of multi-asset global CCP operator, LCH Group, LSEG operates CC&G, the Italian clearing house; and Monte Titoli, the T2S-ready European settlement business.

The Group is a global leader in indexing and analytic solutions. FTSE Russell offers thousands of indexes that measure and benchmark markets around the world. The Group also provides customers with an extensive range of real time and reference data products, including SEDOL, UnaVista, and RNS.

London Stock Exchange Group is a leading developer of high-performance trading platforms and capital markets software for customers around the world. In addition to the Group's own markets, over 35 other organisations and exchanges use the Group's MillenniumIT trading, surveillance and post trade technology.

Headquartered in the United Kingdom, with significant operations in North America, Europe and Asia Pacific, the Group at the end of 2019 employed approximately 5,000 people.

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

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Reporting year	January 1 2019	December 31 2019	Yes	2 years

C0.3

(C0.3) Select the countries/areas for which you will be supplying data.

China, Hong Kong Special Administrative Region
 France
 Italy
 Romania
 Sri Lanka
 United Kingdom of Great Britain and Northern Ireland
 United States of America

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

GBP

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Operational control

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Chief Executive Officer (CEO)	i. The Group CEO is responsible for Corporate Sustainability policy execution and compliance. The CEO appoints the Chair of the Group Corporate Sustainability Committee (responsible for monitoring and approving Corporate Sustainability Strategy), as well as the Corporate Sustainability Pillar leads. These responsibilities are set out in LSEG Group Corporate Sustainability Policy, approved by LSEG Board of Directors. Climate-related issues are considered as part of our Corporate Sustainability Strategy and Policy, through (1) our Environmental governance, policy and impact captured and reported on as part of Our Communities strategic commitment; as well as in terms of (2) climate-related risk which is integrated into our Risk Management Framework, alongside other non-financial risks. Continued review of sustainability risks, including environmental and climate-related risks is necessary in order to comply with the Group's strategic risk objective of 'maintaining stakeholder confidence'. ii. Over the course of 2019, the Group CEO was directly involved in supporting the COP26 efforts in the UK. This culminated in his involvement as a speaker in the COP26 launch event in the UK on 27 February 2020. More information is available at: https://www.ft.com/content/b39cf39e-58d3-11ea-abe5-8e03987b7b20 The Group CEO also acted alongside Mark Carney to launch the campaign to promote adoption of the TCFD framework by global exchanges. More information is available at: https://uk.reuters.com/article/us-climatechange-finance-exchanges/carney-calls-for-more-climate-action-from-worlds-stock-exchanges-idUKKBN24B19M
Chief Financial Officer (CFO)	i. The Group CFO has responsibility for reporting environmental and climate-related issues to the Board, and reviews and approves LSEG's climate related disclosures. These responsibilities are set out in LSEG Group Corporate Sustainability Policy, approved by LSEG Board of Directors. Climate-related issues are considered as part of our Corporate Responsibility Strategy and Policy, through (1) our Environmental governance, policy and impact captured and reported on as part of our Our Communities strategic commitment; as well as in terms of (2) climate-related risk which is integrated into our Risk Management Framework, alongside other non-financial and sustainability risks. Continued review of sustainability risks, including environmental and climate-related risks is necessary in order to comply with the Group's strategic risk objective of 'maintaining stakeholder confidence'. ii. The Group CFO approved all expenditure and investments in LSEG's environmental programme throughout 2019.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – some meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action	<Not Applicable>	LSEG Board has responsibility for the Group Sustainability strategy. Climate-related issues are discussed in the context of both LSEG sustainable finance strategy and with reference to LSEG operations and alignment with the objectives of the Paris Agreement. In 2019, the Board met four times to discuss ESG matters. LSEG's progress against its environmental targets is regularly submitted to the LSEG Board as part of annual sustainability reporting within the Annual Report (TCFD disclosures) and the Corporate Sustainability Report (Environmental section). The LSEG Board oversee progress against goals and targets for addressing climate-related issues, as well as performance against climate-related objectives, during these review periods. The Board's review of these matters ensures that the business keeps in mind the environmental impact of LSEG's operations.

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Chief Executive Officer (CEO)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Quarterly
Chief Financial Officer (CFO)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Half-yearly
Chief Risks Officer (CRO)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Quarterly
Other C-Suite Officer, please specify (Group Head of Government Relations and Regulatory Strategy (and Co-Chair of LSEG Group CS Committee))	<Not Applicable>	Assessing climate-related risks and opportunities	<Not Applicable>	More frequently than quarterly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

1) Chief Executive Officer (CEO)

i. The Group CEO is responsible for Corporate Responsibility policy execution and compliance, including climate-related issues. The Group CEO appoints the Chair of the Group Corporate Sustainability Committee, as well as the Corporate Sustainability Pillar leads. The board-level Group Corporate Sustainability Committee is responsible for approving and monitoring our Corporate Responsibility strategy and policies.

Climate-related issues are considered as part of our Corporate Sustainability Strategy and Policy, through 1) our Environmental governance, policy and impact captured and reported on as part of Our Communities strategic commitment; as well as in terms of 2) climate-related risk which is integrated into our Risk Management Framework, alongside other non-financial and sustainability risks. Continued review of sustainability risks including Environmental risks (where we consider climate-related), as well as Social and Governance risks, is necessary in order to comply with the Group strategic risk objective of 'maintaining stakeholder confidence'.

ii. The Group CEO has responsibilities for climate-related issues as the highest ranking executive in the London Stock Exchange Group. The board and CEO are overseen by the Chairman. This is an executive role that connects management to Board oversight, and encompasses oversight of both operational and business risks associated with climate-related issues.

2) Chief Financial Officer (CFO)

i. The Group CFO has responsibility for reporting environmental and climate-related issues to the Board, and reviews and approves LSEG's climate related disclosures.

ii. The Group Chief Financial Officer has responsibilities for climate-related issues as a member of the LSEG board and Executive Committee. This is an executive role that connects management to Board oversight and encompasses oversight of both operational and business risks associated with climate-related issues.

3) Chief Risk Officer (CRO)

i. The CRO is directly responsible for providing strategic guidance for the development and implementation of the environmental action plan covering all climate-related issues. As Our Communities pillar lead, the CRO oversees the Environmental Management Group led by the Head of Group Property. The Environmental Management Group is comprised of key stakeholders across the Group who are responsible for environmental impacts i.e. Property/Facilities Managers, Procurement, Data Centre Managers, Business Travel and HR and covers all geographies.

Each financial year, the Environmental Management Group submits an environmental action plan which incorporates environment and climate-related issues to the ExCo. This focuses on our current objectives, annual environmental targets, and other climate-related opportunities for the Group, including a critical evaluation of our successes and our competitive position. The Environmental Management Group is responsible for defining annual objectives, targets and programmes, as well as delivering and reviewing performance across the Group including monitoring GHG emissions, identifying improvement opportunities and reporting. The Environmental Management Group is also responsible for monitoring climate-related risks, and reporting these to our Risk Management Framework.

ii. The Group Chief Risk Officer is a member of the Executive Committee and reports to the Group CEO. The CRO is also a member of the Group Corporate Sustainability Committee and is the Group's Our Communities pillar lead, and as such has responsibilities for climate-related issues. Environmental and climate-related performance is overseen by our Chief Risk Officer (in their role as the Group Our Communities pillar lead), as well as our Chief Financial Officer. The role of our Chief Risk Officer as Our Communities pillar lead, ensures Environmental (included climate-related), Social and Governance risks are fed into the LSEG Risk Management Framework.

4) Group Head of Government Relations and Regulatory Strategy and Co-Chair of LSEG Group CS Committee

i. The Group Head of Government Relations and Regulatory Strategy, is responsible for climate-related regulatory strategy. A key medium term focus and high priority for this role is alignment of the LSEG sustainability programme with COP26 (due to take place in the UK in 2021).

ii. The Group Head of Government Relations and Regulatory Strategy reports into the Group CEO. The role has responsibility for climate-related issues due to their position as Co-Chair of LSEG Group CS Committee, and their position as Head of Government Relations.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive	Type of incentive	Activity incentivized	Comment
Management group	Monetary reward	Emissions reduction target	The Group Head of Property has environmental objectives, which include climate-related and other environmental targets, as part of their annual business objectives, which are linked to the annual bonus programme. These objectives are cascaded to the Group Property team across our global regions. Specifically, we are seeking reduced carbon impact due to energy efficiency and enhanced business continuity capability due to adaptation measures. Group-wide Sustainability Targets include: Science-based target: 40% reduction of absolute global Scope 1 and 2 GHG emissions by 2030 from a 2016 baseline. Other targets include: 20% reduction in our CO2e emissions per FTE and £m Revenue by 2020, with a 5% reduction in 2019 relative to 2018; 20% by 2020 reductions in Data Centre and Office Energy Use, Water Consumption, Waste and Business Travel (Flights), and 2% annual reductions in each of these areas for 2019. There are also annual behaviour change related targets to increase video conferencing use by 5%, and reducing paper consumption by 5% in 2019 compared to 2018.
Chief Executive Officer (CEO)	Monetary reward	Other (please specify) (Strategic goal)	The Group CEO variable pay is linked to the achievement of strategic objectives, which include ESG and climate-related objectives.
All employees	Monetary reward	Behavior change related indicator	In the UK we operate a cycle-to-work scheme as a form of salary sacrifice, which allows employees to reduce their gross salary in exchange for hiring a new bike and cycling accessories with savings of over 40%. At our Paternoster Square HQ in London we have increased the number of bicycle racks to support this initiative.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	1	3	
Medium-term	3	5	We are considering an extension to a 2030 horizon (3 to 10 years), to align with the target year of our science-based target, which continues to be developed in 2020.
Long-term	5	10	As a result of the current scenario analysis work, we are considering extending our long term horizons, up to 2050 (10-30 years).

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

i. We use the term "substantive financial or strategic impact" when identifying and assessing climate-related risks, and define this as a financial or strategic impact that requires factoring into our business strategy and operations, and a change in our product portfolio, client target and/or resource mix. Our principal risks are those risks considered to have the highest potential financial or strategic impact.

ii. "Substantive financial or strategic impact" is defined according to the magnitude of the financial cost to the group as well as the potential for reputational impact. Climate related risks are assessed for their financial or strategic impact and tested against LSEG's Risk Appetite.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered

Direct operations
Upstream
Downstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term
Medium-term
Long-term

Description of process

The Executive Committee are accountable for risk identification, analysis, evaluation and mitigation. Climate-related risks are integrated into a multidisciplinary group-wide risk framework. This framework considers transition risks (policy and legal, technology, market, reputation) and opportunities (resource efficiency, energy source, products/services, markets, resilience), and physical risks related to climate change. Our Risk Management Framework operates as a cyclical process and enables climate-change related business decisions, operates across the group and functions, involving internal committees as appropriate. The Environmental Management Group, Executive Committee and Risk Committee are responsible for managing risk. 1) The Risk Committee define the Risk Management process and policy framework and propose the Group Risk Appetite Statement to the Board. 2) Business Management define Risk Governance, Strategy and Appetite. 3) This is followed by Risk Identification and Assessment, which is the responsibility of the Executive Committee at a company and asset level, supported by Environmental Management Group and Corporate Sustainability Committee who meet quarterly. Stakeholder engagement is a crucial in identifying and assessing climate-related risks, at LSEG this includes expertise from FTSE Russell, insights from ESG rating agencies, the Centre for the Protection of National Infrastructure (CPNI) in the UK, working groups on green finance regulations and information from our global Property team. Once identified, climate-related risks are classified as either Company or Asset level risks. i) Company Level: Climate Change transition risks and opportunities are identified analysing our product portfolio across client segments and asset classes (Product/Services and markets), whereas the risks and opportunities associated with energy sources and business resilience are assessed taking into account all of our operations. ii) Asset Level: LSEG has offices and data centres located around the world, and we assess risks and opportunities at the facility level to understand climate related risks including flooding, long-term temperature changes and extreme weather events. We assess our facilities ability to operate, staff access, safety and well-being and insurance premium impacts on both a short and long-term basis, paying close attention to both the global perspective and specific local needs. 4) Where risks and opportunities are considered material, these are stress tested to determine the potential impact on the financial results, strategic plans and operational resilience of LSEG and to determine whether the risk is within the Group's Risk Appetite. In line with our commitment to support the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD), our 2019 Annual Report includes disclosures on our current alignment across the four pillars, Governance, Strategy, Risk Management and Metrics and Targets. During 2019, LSEG began development of climate-related risk scenarios over both the medium and longer term, to help identify the impact of different climate scenarios on credit, operational, market and liquidity risks. This project will not only improve our alignment with the requirements of TCFD reporting but will be central to further enhancing the integration of climate-related risks into our Risk Management Framework. Physical Risk: During 2019, we reported climate change as a principal risk for the first time in our annual risk disclosure which forms part of our Annual Directors' Report. For a number of years, LSEG had considered the physical acute and chronic risks of climate change to the organisation within the Risk Management Framework. Climate change is expected to increase the severity and frequency of extreme weather events globally, and some LSEG locations, such as Sri Lanka are considered to be more vulnerable to these events. This theory was proved during 2019 with a flooding event in Sri Lanka. Despite risk mitigation efforts (in place as a result of the Risk Management Framework assessment of acute physical risk), a severe localised flooding event near Colombo resulted in one of our data centres being cut off by flood water. Staff were unable to access the site and two generators were close to flooding. Disaster recovery plans were implemented, and other locations were able to ensure business continuity. In response to this event, this issue was escalated to our Risk Management Framework and has heightened the risk level of acute physical risks to LSEG's operations, whilst also demonstrating the criticality of mitigation efforts for these most vulnerable locations. This event also highlighted the importance of engagement with local site teams in the Risk Management Framework. The Risk Management Framework now includes extended physical risk horizons for this location only to 2050, as the local team review flood prediction scenario models for future potential flooding events. The property team are running increased generator testing to ensure business continuity. The central risk function and relevant committees/groups have committed to further investigation of moving some of these facilities (and others) to cloud hosting, rather than physical infrastructure. This decision continues to be explored with a number of internal stakeholders. Transitional Opportunity: The transcendence of ESG issues and increasing environmental regulation has been monitored by the Group for a number of years, and has been responded to by way of launching FTSE4Good Index series, Green bonds listings, and over 100 ESG indices calculated by FTSE Russell. FTSE Russell's monitoring of the growth in these products and services, identified the risk in a shift in LSEG listed companies from those that are high carbon intensive, to low carbon intensive and potentially 'green'. This risk (as described in C2.3a) was assessed due to the traditional views of investors that green sector companies offered minor opportunities and focused on volatile, small cap stocks. FTSE sought to explore this perception as interest in these 'green' products continued to accelerate. Through investment in R&D efforts, in 2018 FTSE Russell published their report "Investing in the global green economy: Busting common myths" which demonstrates the huge opportunity that the Green Economy offers investors in an effort to revert this risk into a significant opportunity for LSEG. Building on this development, and broader work by LSEG in ESG benchmarking and 'green' products and services, in 2019 the Capital Markets business launched the Green Economy Mark, which allows the market to identify issuers that generate greater than 50% of their revenues from green products and services. In addition, following the acquisition of Beyond Ratings in 2019, FTSE Russell and Beyond Ratings launched a climate sovereign bond index series – Climate WGBI and EGBI.

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	i. Current regulation is relevant and included in our integrated risk assessment process because we are exposed to financial and reputational risk related to the impacts of regulation, including climate-related legislation, that affect our listed companies. The regulatory requirements on listed companies may influence their decision to list. Regulatory risks have been considered as of highest relevance and significance to our Capital Markets business function. ii. Such regulations include: Companies, Partnerships and Groups (Accounts and non-financial reporting) Regulations 2016 - transposition of the EU Directive 2014/95/EU on the disclosure of non-financial and diversity information (NFR Directive) and Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.
Emerging regulation	Relevant, always included	i. Emerging regulation is relevant and included in our integrated risk assessment process because we are exposed to financial and reputational risk related to the impacts of regulation, including climate-related legislation, that affect our listed companies, and companies that may look to list on our markets. Regulatory risks have been considered as of highest relevance and significance to our Capital Markets business function. Conversely, emerging regulation can deliver real business opportunities for LSEG, as we continue to grow our 'green' and 'sustainable' products and services, such as the Green Economy Mark. ii. As part of our active engagement in international and domestic regulatory debate, we have understood for some time that both the UK and the EU are looking to implement the TCFD recommendations in their regulatory frameworks. This can have impact on the disclosure obligations associated with climate risks and opportunities for our listed companies and those that may look to list on our markets.
Technology	Relevant, always included	i. Technology risk is relevant and always included in our integrated risk assessment processes because LSEG's critical foundation is secure and stable high-performing technology for the operation of the Group's businesses. It is critical that our risk framework monitors physical climate risks which could adversely affect LSEG's technological infrastructure and subsequently business continuity. ii. Our Group Technology pillar aimed to ensure 99.99% uptime of the UK equity market during 2019. This requires efficient and reliable data centre infrastructure that is protected from both chronic and acute physical risks. We continue to invest in our technology in order to maintain and enhance the quality, resilience and efficiency of our platforms.
Legal	Relevant, sometimes included	i. Legal risk is relevant and sometimes included in our integrated risk assessment processes because we estimate that litigation risks associated with climate-related issues for LSEG's own operations are limited. In relation to our ESG products and services, and expanding listing of green companies, we recognise the increased exposure to climate-related risks for some sectors, and therefore the risk of legal ramifications that may be associated if not now, then in the near future. ii. Such legal ramifications might include claims in relation to historic emissions, or greater transparency on climate-related reporting.
Market	Relevant, sometimes included	i. Market risk is relevant and sometimes included in our integrated risk assessment processes, as we exist as a diversified markets infrastructure business. LSEG operate in a broad range of markets, servicing clients who increasingly seek global products and solutions. If the global economy under-performs, lower activity in our markets may lead to lower revenue. ii. Any climate-related event which impacts the global economy, will lower activity on LSEG's own markets leading to lower revenue. A more tangible, current example is the market shift to products and services with greater climate focus. It is important for LSEG to demonstrate ambition and capability in 'green' bonds, ESG benchmarks and other 'green' services and products to maintain market advantage.
Reputation	Relevant, sometimes included	i. Reputation risks are relevant and sometimes included in our integrated risk assessment processes. We are aware of the reputational risks for LSEG associated with public opinion reactions towards the conduct and approach to climate risk disclosures and the environmental performance of our listed companies. Reputational risk has been considered of medium relevance and significance for the group as a whole, affecting all business functions. ii. In particular, FTSE Russell's position as a pioneer in ESG indices could be compromised if it were seen to be supporting poor ESG performance.
Acute physical	Relevant, always included	i. Acute physical climate risks are relevant and included in our integrated risk assessment processes because these have the potential to adversely affect our infrastructure, employees and subsequently interrupt client facing activities. Acute physical risks have been assessed as of highest relevant and significance to LSEG's own operations. ii. An example of such risk is the localised high risk of flooding in one of our locations in Sri Lanka, which as witnessed in 2019, has the potential to disrupt staff access to site and interrupt client facing activity. Our disaster management plans ensured this had limited impact on our client facing teams and business continuity.
Chronic physical	Relevant, always included	i. Chronic physical risks are relevant and included in our integrated risk assessment processes because these can increase costs of cooling our data centres and have the potential to create uncomfortable working conditions for our employees, which can in turn reduce productivity and revenue. ii. Chronic physical risk management has been relevant and significant for LSEG's own operations over recent years, with concerns over the performance of data centre infrastructure under increasing global temperatures. The need for additional cooling infrastructure and utilities costs has led to improvement projects to install cold aisle containment in our primary UK data centres, and cooling efficiency improvements.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Downstream

Risk type & Primary climate-related risk driver

Emerging regulation	Enhanced emissions-reporting obligations
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Primary potential financial impact

Decreased revenues due to reduced demand for products and services

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

Increased regulatory focus on climate change for listed companies continues to demand enhanced disclosure requirements for our listed companies. These requirements, if mandatory, will result in certain listed companies (especially smaller cap companies) to have increased operating costs (as opposed to privately held) to meet these obligations. As a result there is a small risk of companies de-listing to avoid these additional regulatory demands. There is also a risk of missed Initial Public Offerings (IPO).

Time horizon

Medium-term

Likelihood

Very likely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

20000000

Potential financial impact figure – maximum (currency)

40000000

Explanation of financial impact figure

The potential financial impact to LSEG of de-listing due to this risk is incredibly hard to calculate as is based on a large number of variables. The financial impact on listed companies, depends on their size, sector and the materiality of climate risk to that organisation. We do not expect that all c.2,500 of our listed companies will be affected due to their existing reporting demands, which we often see as a result of their size. The risk is potentially more prevalent for our small market cap companies, who are less able to manage these additional regulatory demand costs. The potential financial impact range is a rudimentary estimate, based on the aggregated additional costs that some of our listings might face: ~£20,000 per company, costs for enhanced reporting requirements x 1,000 to 2,000 listed companies.

Cost of response to risk

60000

Description of response and explanation of cost calculation

LSEG has provided guidance to listed companies to facilitate reporting and keep reporting costs low to mitigate the impacts of this risk. LSEG actively engages with potential policy creation in these areas i.e. UK Streamlined Energy and Carbon Reporting Regulations to enable early action and mitigate potential arising costs. LSEG is a signatory of the Paris Pledge for Climate Action, the CDSB Statement on fiduciary duty and climate change disclosure. In 2016, we engaged with the European Commission and the UK and Italian governments regarding the Non-Financial Reporting Directive. In our consultation response, we acknowledge that so called 'non-financial' risks can turn into financial risks. We participated in workshops, organised bilateral meetings and joined the Commission High Level Expert Group on sustainable finance. In June 2017, the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) released its reporting recommendations. LSEG signed the TCFD statement of support, affirming its commitment. As the Group, and FTSE Russell in particular, intends to play a critical role in enabling the flow of information envisioned by the TCFD, the recommendations were incorporated into FTSE Russell's climate-related indicators and in the Group ESG Reporting Guidance. LSEG have recently partnered with Mark Carney and The United Nations Sustainable Stock Exchanges (SSE) initiative to launch a workstream that will assist stock exchanges in developing best practice guidance for issuers to ensure consistent climate disclosures incorporating the TCFD recommendations. Management cost of £60,000 is calculated according consultancy fees required for updating LSEG's ESG disclosure guidance.

Comment

LSEG plans to invest in capacity building initiatives for its issuers to further mitigate these risks.

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Downstream

Risk type & Primary climate-related risk driver

Market	Changing customer behavior
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Primary potential financial impact

Decreased revenues due to reduced demand for products and services

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

The transition to a low carbon economy will have an impact on the value of different listed companies and the value of industries, as well as driving the emergence and growth of new industries. The risk to LSEG is ensuring that our exchanges remain attractive locations for new listings.

Time horizon

Medium-term

Likelihood

Very likely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The volatility associated with the shifting value placed on high- and low-carbon intensive sectors and listed companies, increases trading fees. So long as LSE and BI are able to remain competitive and so not lose out to other exchanges, this risk is likely to be neutral in financial impact. This assessment is based on the similar market capitalization size of the ICB Oil and Gas sector vs. Green Economy according to FTSE Russell in December 2017 (FTSE Russell, Investing in the global green economy: busting common myths, 2018).

Cost of response to risk

1

Description of response and explanation of cost calculation

LSEG closely monitors the transition to a low carbon economy on its markets through the FTSE Russell Green Revenue data model and wider expertise of FTSE Russell in the identification of climate risks and opportunities as part of their ESG assessment of global listed companies. The Group's overall climate-related risk exposure is validated by the FTSE Russell assessment. Stakeholder engagement is a crucial part of the risk assessment process, especially as regulatory risks are concerned. LSEG is involved in a number of working groups on the development of green finance regulations. FTSE Russell's "Investing in the global green economy" published in May 2018 is an example of LSEG's research applied to climate change risks and opportunities, that attempts to address this negative, traditional view of the Green Economy, and demonstrate the opportunities it holds. During 2019, LSEG built on the success of FTSE Russell's Green Revenues Data Model, launching a world first classification and Mark for equity issuers that generate more than 50% green revenues. The Green Economy Mark highlights the market leading approach LSEG is taking to supporting the green economy and raising its profile among investors. Monitoring the transition to a low-carbon economy is part of our commercial offering (FTSE Russell Green Revenues Data Model) – therefore no additional management costs emerge for LSEG.

Comment

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Chronic physical	Rising mean temperatures
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Primary potential financial impact

Increased indirect (operating) costs

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

Data centres are critical to LSEG's business, with instant transactions, data and information core to operations. Increases in the average temperature will result in higher cooling requirements and costs. Planning and analysis of future temperature impacts will enable stronger long-term design and investment, ensuring business continuity, as well as the health, safety and well-being of staff and visitors at each of our locations. For our broader portfolio of facilities, including offices, other impacts could include dissatisfied occupants of buildings that are not fit for purpose, e.g. building occupiers experiencing flooding, inadequate drainage, lack of heating control and cooling, problems with air tightness, driving rain and winds. Existing buildings may not be well-adapted to the new climate, especially in hot summer conditions, leading to reduced value of existing buildings if they are not future climate-proofed. However, due to the long-term nature of the risk (>6 years), there will be adequate time to adapt our operations to take advantage of emerging technologies and mitigate this risk.

Time horizon

Long-term

Likelihood

Likely

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Due to the long-term nature of changes in average temperatures, the financial impact of this risk to LSEG is estimated to be £1 per annum as all costs and changes would be assumed within BAU practices. The cost is considered as Business as Usual as the increased cooling/heating costs, and infrastructure improvement costs are monitored on a continual basis to ensure we are responding to and managing this risk in 'real time'.

Cost of response to risk

160000

Description of response and explanation of cost calculation

The LSEG Corporate Sustainability Committee and Environmental Management Group are responsible for ensuring the Group monitors the latest news, research and reports regarding the physical impacts of climate change, and for assessing the materiality for LSEG's operations and ensuring all operations are meeting the business needs in an evolving environmental context. Where appropriate, this advice is adapted into our BAU Business Continuity Program. The Environmental Management Group meets at least quarterly, with specialist external advice also sought where appropriate. Actions that are helping mitigate this risk include over £9m in energy efficiency and carbon reduction initiatives in our data centres and offices - which are helping reduce water and energy consumption. During 2019, we purchased energy attribute certificates for all residual electricity consumption (33%), not already on a 100% renewable supplier tariff. We continued to implement and maintain cold-aisle containment systems and legacy server replacements in our data centres. We also installed a number of new energy efficient air conditioning systems to our UK sites, our global programme of lighting and IT efficiency upgrades continued and efficiency adjustments were made to our HVAC systems in some Sri Lankan sites. Cost of management is based on the £160,000 estimated spend on cold aisle containment projects in our UK data centres to date. We plan on rolling out this project to our other data centres globally.

Comment

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?

Downstream

Opportunity type

Products and services

Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

Primary potential financial impact

Increased revenues resulting from increased demand for products and services

Company-specific description

The Global Commission on the Economy and Climate estimates that US\$90 trillion of investment is needed by 2030 to avert more than 2 degrees of global warming. This large capital deployment provides significant opportunities for companies involved and for investors to align their portfolios. If green investment accelerates to the ~\$90 trillion suggested, the Green Economy could represent similar global market capitalization to Health Care by 2030 (FTSE Russell, 2018). Analysis of the FTSE Global Equity Index Series (FTSE GEIS), shows that nearly 7.2% of the index value is derived from green revenues, compared to 8.3% from Emerging Markets. LSEG has identified a number of product opportunities that integrate climate-related considerations - Green Bond listings, trading and clearing - Green Infrastructure funds - Green equity listings and trading - Low-carbon and green revenue equity and fixed income indexes

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

LSEG does not publicly report the financial performance of individual products or services, however the Group expects the suite of green products and services to continue to grow its contribution to the Group's revenues over the short to medium term.

Cost to realize opportunity

1

Strategy to realize opportunity and explanation of cost calculation

LSEG will increase R&D in the index business area, and promotional efforts in the capital markets business to realise these climate-related opportunities. For example, we have produced FTSE Russell's report "Investing in the global green economy" as an example of research applied to climate change risks and opportunities relevant to our market. As part of our strategy to create a sustainable investment environment and be recognised as a global sustainability leader, during 2019 LSEG rolled out a comprehensive Sustainable Finance & Investment programme, which aimed to educate issuers on the implications that climate-related investment decisions have on their market valuation and investor base. In the short term, the Group will keep developing market leading products and services like FTSE4Good, which has made a significant impact on the behaviour of companies (i.e. requiring GHG emission and other climate change targets as part of the inclusion criteria). The Group will continue to provide investors with tools for benchmarking and tracking ESG-driven funds as well as continuing to develop a range of Green Revenues services. One example of such tools during 2019, was the launch of the ESG Disclosure score, which was provided to 470 large cap issuers to enable them to benchmark the disclosure of key ESG metrics among issuers compared to the issuers' industry sector. There is no incremental cost (£1) to LSEG to manage these opportunities, as additional resources and costs are offset by increasing revenues. Progress in 2019: 2019 saw a record breaking 79 ESG and sustainable ETFs listed on our markets, bringing the total to 187 with €2.7 billion AUM on Borsa Italiana as of 31 December 2019 and value traded up 54% on London Stock Exchange year on year. Green funds listed in London raised £2.3 billion in 2019, representing over one third of all capital raised by listed funds in London. Further issuance by existing listed green funds raised over £1.5 billion in 2019, highlighting the strength of investor demand for renewable energy and energy efficiency assets and underlining LSEG's position as a leading international centre for promoting and raising green finance. In October 2019, London Stock Exchange launched the Green Economy Mark, recognising equity issuers on London Stock Exchange Main Market and AIM with green revenues of 50% or more. At the end of 2019, across all our markets there are 77 listings that have been awarded the Green Economy Mark.

Comment

Identifier

Opp2

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resilience

Primary climate-related opportunity driver

Participation in renewable energy programs and adoption of energy-efficiency measures

Primary potential financial impact

Reduced indirect (operating) costs

Company-specific description

It is significant for the Group that we ensure our operations and property estate are equipped to adapt to changes in climate and take advantage of the efficiency and savings that can be achieved through targeting our GHG emissions. This includes issues such as energy efficiency and pricing, through to the efficiency and physical security of our property estate. LSEG has prioritised issues like renewable energy, energy efficiency as well as virtualisation and consolidation of our data centre environments, which are building sustainability and strength into our business.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

372250

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The Group spends over £7m on annual energy consumption - a cost we have the opportunity to reduce as we target energy reduction and invest in the future of our property estate. These measures prepare our facilities and therefore our operations, so that they are better able to operate under changing climatic conditions. A potential 5% reduction in energy costs through adapting our operations in preparation for climate change extremes would mean an £372,250 reduction in operational expenses (£7.4m * 0.05=£372,250) - a small impact on total operational expenditure.

Cost to realize opportunity

9000000

Strategy to realize opportunity and explanation of cost calculation

The LSEG Corporate Sustainability Committee and Environmental Management Group are responsible for ensuring the Group monitors the latest news, research and reports regarding the physical impacts of climate change and for assessing the materiality for LSEG's operations. The Committees meet at least Quarterly, with specialist external advice also sought as appropriate. Since 2016, LSEG has invested over £9m in energy efficiency and carbon reduction initiatives. During 2019, we purchased energy attribute certificates for all residual electricity consumption (33%), not already on a 100% renewable supplier tariff. As a Group, LSEG now use 100% renewable electricity which has dramatically reduced our GHG emissions. We continued to implement and maintain cold-aisle containment systems and legacy server replacements in our data centres. We also installed a number of new energy efficient air conditioning systems to our UK sites, as well as a number of lighting and IT efficiency upgrades and adjustments to HVAC systems in Sri Lankan sites. In 2019, LSEG implemented 7 energy efficiency projects equivalent to annual emissions savings of 78 tCO₂e. We have set science-based targets to further reduce our absolute GHG Emissions - our aim is a 40% reduction by 2030 vs a 2016 baseline. LSEG reports progress against these targets and impacts of reduction initiatives. The cost to realise this opportunity is calculated based on the £9m invested in energy efficiency and carbon reduction initiatives in our data centres and offices. There are also direct costs from engaging with policy decisions, specialist advice on regulations, compliance, and management tools to gather data and measure progress against targets (less than 0.5% of total operational spend).

Comment**Identifier**

Opp3

Where in the value chain does the opportunity occur?

Downstream

Opportunity type

Products and services

Primary climate-related opportunity driver

Shift in consumer preferences

Primary potential financial impact

Increased revenues resulting from increased demand for products and services

Company-specific description

The political, economic, physical and social environment in which we operate is undergoing much change and the need for efficient, transparent and well-regulated capital markets has perhaps never been greater. This macro-economic background highlights the importance of the role played by LSEG. This role includes the Group's environmental, social and governance (ESG) responsibilities and how the organisation conducts itself as a 'good' corporate citizen. Sustainability is an integral part of the Group's strategy and there are both risks and opportunities arising as a direct result of our engagement in this area. There are reputational opportunities for LSEG to attract and retain talent, as well as gain competitive advantage in the marketplace through integrating climate change factors into our business and risk management strategy. We also understand that a number of our clients are increasingly becoming invested in climate change initiatives and seek to work with companies like LSEG, who have similar goals and perspectives regarding climate change and the environment.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

LSEG does not publicly report the financial performance of individual products or services. FTSE Russell sees a need for all asset owners and asset managers and banks to understand the impact of a transition to a low carbon economy on their portfolios and risk models. In the Capital Markets businesses there are opportunities too - for at 31 December 2019, 41 new sustainable bonds were listed on the London Stock Exchange, raising a total of more than £11 billion. By enabling investors to measure and model these markets, LSEG provides critical services. Demand for these services is expected to grow over time, with minor positive impact on revenue.

Cost to realize opportunity

1

Strategy to realize opportunity and explanation of cost calculation

LSEG's strategy to realise this opportunity includes engagement in our markets, and developing and communicating our own operational responses to climate change so that clients and employees can clearly see the link between our market commitments in renewable energy, ESG management, and our business strategy. In October 2019, LSEG launched the Sustainable Bond Market (SBM) building upon the success of London Stock Exchange's Green Bond Segment, launched in 2015. This includes new dedicated segments for social and sustainability bonds and incorporates the existing Green Bond Segment. These segments enable investors to distinguish between different types of sustainable bonds, based on independently verified frameworks and use of proceeds. Following the launch of the SBM, London Stock Exchange reclassified a number of securities under the new social bond tag or using the Issuer-Level Segment classification. As of the end of 2019, 41 new sustainable bonds were listed on the London Stock Exchange, raising a total of more than £11 billion, and bringing the total number of green, social and sustainable bonds to 215, from 174 in 2018, using the new SBM classifications on 2018 data. On Borsa Italiana's Green and Social Bond segment, 24 new green or sustainable bonds were listed in 2019, with a of total 84 instruments on the segment at the end of the year. 2019 saw a record breaking 79 ESG and sustainable ETFs listed on our markets, bringing the total to 187 with €2.7 billion AUM on Borsa Italiana as of 31 December 2019 and value traded up 54% on London Stock Exchange year on year. London Stock Exchange Group is a committed supporter of green financing and we see the transition to a low carbon economy as a major industrial trend. In addition to attracting and profiling green bond and equity listings through FTSE Russell we support institutional investors in defining climate factors and integrating them into benchmarks and portfolio analytics. Primary costs are BAU costs of achieving our carbon reduction targets i.e. less than 0.5% of operational spend on specialist advice, systems and management processes to enable an effective response. There are also marketing and cost of sales for our climate change products and services – estimated at less than 5% of our marketing budget (we do not report these individual budget lines).

Comment

C3. Business Strategy

C3.1

(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?

Yes

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform its strategy?

Yes, qualitative, but we plan to add quantitative in the next two years

C3.1b

(C3.1b) Provide details of your organization’s use of climate-related scenario analysis.

Climate-related scenarios and models applied	Details
RCP 2.6 RCP 8.5 IEA Sustainable development scenario IEA NPS	<p>During 2019, LSEG commenced work with an external consultant to review and define the scenarios that can be used for future climate risk scenario analysis. i) The selected scenarios were identified, following a period of internal stakeholder engagement to better understand the business and LSEG’s most material climate risks. This knowledge base helped to select four scenarios using the following criteria: - One transition and one physical scenario consistent with limiting global warming to 2degC (consistent with Paris Agreement). - One transition and one physical scenario consistent with warming of 3-4degC (closer to Business As Usual). - Scenarios from intergovernmental organisations, rather than fossil fuel companies or NGOs, to avoid bias. - Scenarios cover short to long time horizons, with global coverage and some regional detail. The IEA Sustainable Development Scenario (SDS) assumes a carbon price will be introduced (up to \$140 per TCO2e by 2040); fossil fuel subsidies will be phased out by 2050 by net-importers, and by 2035 for net-exporters; and that there will be expanded support for deployment of Carbon Capture and Storage. Given the relevance of the regulatory response in this scenario which aligns with the objectives of the Paris Agreement, it is particularly relevant to the financial sector and LSEG markets. The IEA New Policies Scenario (NPS) assumes a carbon price will be introduced (up to \$48 / TCO2 by 2040); fossil fuel subsidies will be phased out in the next 10 years and despite an increase in renewable generation, oil will remain the primary source of energy. RCP 2.6 is the only IPCC scenario in line with the Paris Agreement’s stated 2degC limit and 1.5degC aim (0.9-2.3degC warming potential). RCP 2.6 assumes global emissions peak by 2020 and decline to zero by 2080, with accompanying sea level rise of 0.4m by 2100 and high frequency and intensity of extreme weather events. RCP 8.5 assumes global emissions continues to rise through to 2100, mean sea level rise of 0.63m by 2100 and very high frequency and intensity of extreme weather events. ii) LSEG are planning on applying a shorter time horizon for transitional risks and opportunities, than that used for physical risks. For transition risks time horizons are expected to be 2025 and 2035. For physical risks a medium and longer term horizon are to be considered of 2030 and 2050. The aim is to align these time horizons with LSEG’s existing strategic planning 5 year cycle, and longer term strategic planning for future capital markets in 10 and 20 years. iii) The entire LSEG group has been included in this initial phase of work for climate risk scenario analysis. However, the risks and opportunities identified are more relevant and significant to some business areas than others. iv) This project is currently in progress, therefore we have no results to report at this time. The next phase of this work will validate the identified climate-related risks and opportunities and develop a calculation model to simulate the key risks and opportunities under these four scenarios and quantify the impact of these risks and opportunities where feasible. v) LSEG 2020 strategic objectives include climate-related objectives. Furthermore, we are making early provisions for how we operationalise this scenario analysis of climate related risks internally. We expect to be able to bolster our new office or data centre location assessment procedure with more accurate information about the physical climate-related risks of that geographic location. vi) This project is currently in progress. Through our current partnership with Mark Carney and the UN Sustainable Stock Exchange initiative, we have launched a campaign for globally consistent and best practice climate-related disclosures from listed companies. This project is a result of the climate-related risk and opportunities assessment process conducted by LSEG during 2019.</p>

C3.1d

(C3.1d) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	<p>LSEG’s corporate purpose (to support financial stability and sustainable economic growth by enabling businesses and economies to fund innovation, manage risks and create jobs) encapsulates not only commercial and performance objectives but also our environmental, social and governance (ESG) responsibilities, including climate-related risk and opportunities. We actively consider the importance of climate-related risks and opportunities in the context of broader market trends and themes (such as ongoing regulatory change, changing investor preferences or evolving customer operating dynamics), and how the Group can continue to adapt to meet these changing dynamics in order to maintain its position as a leading Financial Markets Infrastructure (FMI) provider. i. Our medium to long-term strategy around products and services has been influenced by climate related risks and opportunities because of the increasing awareness of, and focus on, ESG and climate change for investors. This brings a growing demand for relevant benchmarks, data and analytics to support investment mandates and decision making. In addition, we have an important role and responsibility to support companies and issuers in the transition to a sustainable and low-carbon economy. ii. Two of the most substantial strategic decisions made in this area to date (and during 2019) that have been influenced by climate-related risks and opportunities are as follows: • In Information Services, we acquired Beyond Ratings, a highly regarded provider of ESG data for fixed income investors, and have since launched the Climate World Government Bond Index (Climate WGBI), an innovative index which allows investors to incorporate climate risk considerations into their sovereign debt investment decision making process. • In Capital Markets, we launched the Green Economy Mark, to allow the market to identify issuers that generate greater than 50% of their revenues from green products and services, and the Sustainable Bond Market (SBM), a new dedicated segment for social and sustainability bonds.</p>
Supply chain and/or value chain	Yes	<p>i. Our medium to long term supply chain strategy has been influenced by climate-related risks and opportunities although to date this has been a reasonably minor influence. As of 2014, our Supplier Code of Conduct requires suppliers who sign up to support LSEG’s environmental KPIs and we will be looking to our supply chain to support our science-based target ambition. As of 2019, 8% of our direct supplier have signed up our Code of Conduct, equivalent to 64% of total third party spend. ii. The most substantial strategic decision made in this area to date that have been influenced by climate-related risks and opportunities is the current discussion of moving more of our physical data centre locations to a cloud based solution. This is not only a climate-related risk influenced issue, but events in 2019 demonstrated how critical our physical data centres are to our business continuity and their vulnerability in some geographic locations to physical climate-related risks. This not only reduces the acute physical risk associated with data centres, but also has the potential to reduce our Scope 1 and Scope 2 location based emissions. Conversely this would lead to an increase in our Scope 3 purchased goods and services emissions depending on the cloud hosting provider.</p>
Investment in R&D	Yes	<p>i. Climate related risks and opportunities, notably Market, Reputational and Regulation risk and opportunity types have highly influenced our short to long term strategy for investment in R&D. As a result of identifying the opportunity in changing customer behaviours (as described in C2.4a), our 2018 report, “Investing in the global green economy: busting common myths”, and FTSE Russell Green Revenues data model, during 2019 we launched our “Guide to Green Finance”. We continue to develop guidance for listed companies on disclosure of ESG information, based on the UN Sustainable Stock Exchanges initiative framework, and develop market leading products such as FTSE4Good, which has made a significant impact on the behaviour of participating companies (i.e. requiring GHG emission and other climate change targets as part of the inclusion criteria). ii. The most substantial strategic decision influenced by climate-related risk and opportunities has been the acquisition of Beyond Ratings in June 2019. Beyond Ratings are a highly regarded provider of ESG data for fixed income, and are complementary to FTSE Russell’s existing ESG index and data offering, as well as the analytics tools provided through The Yield Book. This acquisition demonstrates LSEG’s Information Services business response to the rapidly growing demand among asset owners to incorporate sustainability and ESG considerations.</p>
Operations	Yes	<p>i. Climate related risks and opportunities, specifically chronic and acute physical, resource efficiency, technology and regulatory risks and opportunities have impacted on our Operations strategy over the short to long term. The need to consider environmental impacts of the business, as well as the climate-related risks that may impact the business are now considered matters for the Board and are therefore integrated into our Business Strategy and Governance. The Environmental Management Group continues to report quarterly on progress against the business’ environmental objectives, and employees have climate related incentives to encourage their engagement. As described in 2.3a, increases in operational costs are a tangible risk for most employees to understand and see the benefit from physical mitigation actions. Long term changes in temperatures, and increased frequency of extreme weather events, as well as increased environmental regulation will affect our facilities over time, but our framework for risk identification and pro-active management should mitigate the impact that these have on our operations. Mitigation efforts include energy efficiency investments made at our data centres, and office and staff consolidation projects which reduce our demand for energy as well as our GHG emissions. During 2019, our property team enhanced our new office and data centre selection criteria with additional environmental and sustainability recommendations and mandatory requirements. ii. The most substantial strategic decision influenced by climate-related risks and opportunities has been the decision in 2019 to use 100% renewable electricity for all direct operations of the group. During 2018 we achieved 66% of our electricity consumption generated by natural renewable sources procured through our utility suppliers. We extended this to 100% during 2019 using energy attribute certification, for our remaining group operations.</p>

C3.1e

(C3.1e) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Indirect costs Capital expenditures Capital allocation Acquisitions and divestments Assets	Climate-related risks and opportunities are considered in our financial planning around assets, revenues, capital expenditures and allocation, indirect costs and acquisitions and divestments (in order of relative impact). i. Asset financial planning is where physical climate-related risks are of most influence, due to the need to ensure our offices and data centres are energy efficient, and that there are continued programmes of work around improving energy efficiency that require investment. In the geographic location of new offices and data centres it is key that these buildings meet high environmental performance standards and are not at acute physical climate-related risk, to safe guard operations at the site throughout periods of increasingly unpredictable weather (as a result of climate change). During 2019 we enhanced the office and data centre selection criteria and questionnaire for landlords to require higher environmental standards and data provision. For our existing offices and data centres, ongoing energy efficiency improvements are required to avoid climate-related regulatory and reputational pressures, as well as to ensure indirect costs of utilities are minimised. ii. The time horizon covered by financial planning around assets can be short (1-3 years) to medium term (3-5 years). i. Climate related opportunities have been most influential for our long term revenues planning, as these have allowed us to develop new products and services which support a transition to a green economy, notably FTSE Russell's ESG Index Series, FTSE4Good and our Green Revenues data model, and during 2019 the launch of our Green Economy Mark. These are already generating revenues which continue to grow. These growing revenue streams are projected as part of our financial planning process. ii. The time horizon covered by financial planning around revenues is medium (3-5 years) to long term (5-10 years) i. Climate-related opportunities have also been influential in our financial planning on acquisitions. During 2019, LSEG acquired Beyond Ratings, a highly regarded provider of ESG data for fixed income, who are complementary to FTSE Russell's existing ESG index and data offering. This decision was based on the rapidly growing demand among asset owners and asset managers to incorporate sustainability and ESG considerations into investment decisions. ii. The time horizon covered by financial planning around acquisitions and divestments is medium (3-5 years) to long term (5-10years)

C3.1f

(C3.1f) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Both absolute and intensity targets

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number

Abs 1

Year target was set

2017

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1+2 (market-based)

Base year

2016

Covered emissions in base year (metric tons CO2e)

23259

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

100

Target year

2030

Targeted reduction from base year (%)

40

Covered emissions in target year (metric tons CO2e) [auto-calculated]

13955.4

Covered emissions in reporting year (metric tons CO2e)

1816

% of target achieved [auto-calculated]

230.480674147642

Target status in reporting year

Achieved

Is this a science-based target?

Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science-Based Targets initiative

Please explain (including target coverage)

This target was reported as 'Abs 1' in our 2019 response. We exceeded this long-term company-wide target in 2017 due primarily to a switch to 100% renewable electricity for our owned and operated UK and Italian facilities, which includes a significant percentage of our data centre consumption. This target reflects an annual 2.86% emissions reduction from our base year, with a medium-term time frame for the target of 14 years in accordance with CDP science-based target criteria. In 2019, LSEG reduced its absolute Scope 1 + Scope 2 (market-based) emissions by 92% compared to 2016 base year (31% average annual reduction). We consider this to be a science-based target as SBTi state the minimum reduction required is 2.5% in absolute annual linear terms in order to be in line with well-below 2degree scenarios. LSEG's target exceeds this linear annual reduction requirement. This target has been reviewed by the Science Based Targets Initiative in 2017, however, is awaiting formal approval status on completion of a Scope 3 target due for submission to SBTi in 2020. Though this target was exceeded in the previous reporting year, we maintain it as a medium-term absolute reduction target which will become more challenging to achieve as the business grows.

C4.1b

(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).

Target reference number

Int 1

Year target was set

2014

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1+2 (market-based) +3 (upstream)

Intensity metric

Metric tons CO2e per unit revenue

Base year

2013

Intensity figure in base year (metric tons CO2e per unit of activity)

0.0000278

% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure

100

Target year

2020

Targeted reduction from base year (%)

20

Intensity figure in target year (metric tons CO2e per unit of activity) [auto-calculated]

0.00002224

% change anticipated in absolute Scope 1+2 emissions

91

% change anticipated in absolute Scope 3 emissions

91

Intensity figure in reporting year (metric tons CO2e per unit of activity)

5e-7

% of target achieved [auto-calculated]

491.007194244604

Target status in reporting year

Achieved

Is this a science-based target?

No, but we are reporting another target that is science-based

Please explain (including target coverage)

This company-wide target was reported as 'Int 1' in our 2019 response and covers Group Emissions from Scope 1, 2 and 3 (including Air Travel, Rail Travel, Water and Waste). As a result of meeting this target, we anticipate our absolute Scope 1, 2, and 3 emissions to increase by 91% by 2020 compared to 2013. We exceeded this long-term target in 2017 due primarily to a switch to 100% renewable electricity for our owned and operated UK and Italian facilities, which includes a proportion of our data centre consumption. In addition, we have made improvements in the energy efficiency of our offices and data centres since 2013. This target continued to be exceeded in the reporting year, with an 84% reduction in tCO2e per £ Revenue in 2019 vs 2013 base year. We maintain this target in 2019, whilst we continue to develop our SBTi approved science-based target. A new medium term, long term, and incremental annual rolling targets will be developed that complement our science-based target.

Target reference number

Int 2

Year target was set

2014

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1+2 (market-based) +3 (upstream)

Intensity metric

Metric tons CO2e per unit FTE employee

Base year

2013

Intensity figure in base year (metric tons CO2e per unit of activity)

9.04

% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure

100

Target year

2020

Targeted reduction from base year (%)

20

Intensity figure in target year (metric tons CO2e per unit of activity) [auto-calculated]

7.232

% change anticipated in absolute Scope 1+2 emissions

42

% change anticipated in absolute Scope 3 emissions

42

Intensity figure in reporting year (metric tons CO2e per unit of activity)

1.95

% of target achieved [auto-calculated]

392.146017699115

Target status in reporting year

Achieved

Is this a science-based target?

No, but we are reporting another target that is science-based

Please explain (including target coverage)

This company-wide target was reported as 'Int 2' in our 2019 response and covers Group Emissions from Scope 1, 2, and 3 (including Air Travel, Rail Travel, Water, and Waste). As a result of meeting this target, we anticipate our absolute Scope 1, 2, and 3 emissions to increase by 42% by 2020. We exceeded this long-term target in 2017 due primarily to a switch to 100% renewable electricity for our owned and operated UK and Italian locations, together with other significant improvements in energy efficiency since 2013. This target continued to be exceeded in the reporting year, with a 78% reduction in tCO2e per FTE in 2019 vs 2013 base year. We maintain this target in 2019, whilst we continue to develop our SBTi approved science-based target. A new medium term, long term, and incremental annual rolling targets will be developed that complement our science-based target.

Target reference number

Int 5

Year target was set

2018

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1+2 (market-based) +3 (upstream)

Intensity metric

Metric tons CO2e per unit revenue

Base year

2018

Intensity figure in base year (metric tons CO2e per unit of activity)

0.0000083672

% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure

100

Target year

2019

Targeted reduction from base year (%)

5

Intensity figure in target year (metric tons CO2e per unit of activity) [auto-calculated]

0.00000794884

% change anticipated in absolute Scope 1+2 emissions

3

% change anticipated in absolute Scope 3 emissions

3

Intensity figure in reporting year (metric tons CO2e per unit of activity)

0.0000019532

% of target achieved [auto-calculated]

1533.12936227173

Target status in reporting year

Achieved

Is this a science-based target?

No, but we are reporting another target that is science-based

Please explain (including target coverage)

This company-wide target covers Group Emissions from Scope 1, 2 and 3 (including Air Travel, Rail Travel, Water and Waste). As a result of meeting this target, we anticipate a 3% increase in absolute S1, S2 + S3 emissions. This is calculated based on the growth in revenue in 2019 compared to 2018 (8.4%). We exceeded this annual target in 2019 primarily due to our move to 100% renewable electricity. This has been achieved through maintaining 100% renewable supplier tariffs for 66% of our electricity consumption and the procurement of energy attribute certificates for all other electricity consumption (purchased from an internationally recognised trader, member of IETA and CDP gold partner). Energy conservation measures (such as office consolidation projects, LED lighting upgrades, and decommissioning of legacy servers) have also contributed to this reduction. This target continued to be exceeded in the reporting year, with an 45% reduction in tCO2e per £ Revenue in 2019 vs 2018 base year.

Target reference number

Int 6

Year target was set

2018

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1+2 (market-based) +3 (upstream)

Intensity metric

Metric tons CO2e per unit FTE employee

Base year

2018

Intensity figure in base year (metric tons CO2e per unit of activity)

3.362

% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure

100

Target year

2019

Targeted reduction from base year (%)

5

Intensity figure in target year (metric tons CO2e per unit of activity) [auto-calculated]

3.1939

% change anticipated in absolute Scope 1+2 emissions

-3

% change anticipated in absolute Scope 3 emissions

-3

Intensity figure in reporting year (metric tons CO2e per unit of activity)

1.953

% of target achieved [auto-calculated]

838.191552647234

Target status in reporting year

Achieved

Is this a science-based target?

No, but we are reporting another target that is science-based

Please explain (including target coverage)

This company-wide target covers Group Emissions from Scope 1, 2, and 3 (including Air Travel, Rail Travel, Water, and Waste). As a result of meeting this target, we anticipate a 3% decrease in absolute S1, S2 + S3 emissions. This is calculated based on a small increase in total FTE in 2019 compared to 2018 (2.2%). We exceeded this annual target in 2019 primarily due to our move to 100% renewable electricity. This has been achieved through maintaining 100% renewable supplier tariffs for 66% of our electricity consumption and the procurement of energy attribute certificates for all other electricity consumption (purchased from an internationally recognised trader, member of IETA, and CDP gold partner). Energy conservation measures (such as office consolidation projects, LED lighting upgrades, and decommissioning of legacy servers) have also contributed to this reduction. This target continued to be exceeded in the reporting year, with a 42% reduction in tCO2e per FTE in 2019 vs 2018 base year.

Target reference number

Int 7

Year target was set

2014

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 3: Business travel

Intensity metric

Metric tons CO2e per unit revenue

Base year

2013

Intensity figure in base year (metric tons CO2e per unit of activity)

0.00000485

% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure

99.44

Target year

2020

Targeted reduction from base year (%)

20

Intensity figure in target year (metric tons CO2e per unit of activity) [auto-calculated]

0.00000388

% change anticipated in absolute Scope 1+2 emissions

0

% change anticipated in absolute Scope 3 emissions

42

Intensity figure in reporting year (metric tons CO2e per unit of activity)

0.0000034581

% of target achieved [auto-calculated]

143.494845360825

Target status in reporting year

Achieved

Is this a science-based target?

No, but we are reporting another target that is science-based

Please explain (including target coverage)

This company-wide target was set to complement Int 1, for a 20% reduction in tCO2e per £m revenue from air travel by 2020, compared to 2013. In 2013, air travel was responsible for 99.44% of total Scope 3 Business travel emissions. As a result of meeting this target, we anticipate a 42% increase in absolute Scope 3 emissions. This is calculated using the target reduction in air travel emissions and projected emissions from all other Scope 3 categories in proportion to projected increased revenue for the target year 2020. We exceeded this target in the reporting year (2019), achieving a 29% reduction in air travel emissions per £m revenue compared to 2013 (base year). LSEG continues to review and extend the use and availability of video conferencing (VC) facilities, and to encourage the use of VC in place of air travel. Train travel is the preferred option between a number of major European hubs. Although we are yet to set an approved S3 SBT, we include Business Travel as a material category in our development of this initiative.

Target reference number

Int 8

Year target was set

2018

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 3: Business travel

Intensity metric

Metric tons CO2e per unit revenue

Base year

2018

Intensity figure in base year (metric tons CO2e per unit of activity)

0.0000039919

% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure

100

Target year

2019

Targeted reduction from base year (%)

2

Intensity figure in target year (metric tons CO2e per unit of activity) [auto-calculated]

0.000003912062

% change anticipated in absolute Scope 1+2 emissions

0

% change anticipated in absolute Scope 3 emissions

7

Intensity figure in reporting year (metric tons CO2e per unit of activity)

0.000003463

% of target achieved [auto-calculated]

662.466494651669

Target status in reporting year

Achieved

Is this a science-based target?

No, but we are reporting another target that is science-based

Please explain (including target coverage)

This company-wide target was set to complement Int 5, for a 2% reduction in tCO2e per £m revenue from business travel in 2019, compared to 2018. As a result of meeting this target, we anticipate a 7% increase in absolute Scope 3 emissions. This is calculated using the target reduction in air travel emissions, and actual emissions from all other Scope 3 categories in 2019. We exceeded this target in the reporting year (2019), achieving a 13% reduction in air travel emissions per £m revenue compared to 2018 (base year). This was in part due to political unrest in Sri Lanka and Hong Kong, which meant travel was suspended or on 'essential travel only' for two of our key destinations for part of 2019. Rail travel emissions fell significantly in 2019, partly due to decreased carbon emission factors, but also as a result of 62% less UK domestic rail travel (km). LSEG continues to extend the use and availability of video conferencing (VC) facilities and to encourage the use of VC in place of air travel. Although we are yet to set an approved S3 SBT, we include Business Travel as a material category in our development of this initiative.

C4.2**(C4.2) Did you have any other climate-related targets that were active in the reporting year?**

Other climate-related target(s)

C4.2b**(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.****Target reference number**

Oth 1

Year target was set

2014

Target coverage

Company-wide

Target type: absolute or intensity

Intensity

Target type: category & Metric (target numerator if reporting an intensity target)

Waste management	metric tons of waste generated
------------------	--------------------------------

Target denominator (intensity targets only)

unit revenue

Base year

2013

Figure or percentage in base year

1.56

Target year

2020

Figure or percentage in target year

1.248

Figure or percentage in reporting year

0.36

% of target achieved [auto-calculated]

384.615384615385

Target status in reporting year

Achieved

Is this target part of an emissions target?

Int 1

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Please explain (including target coverage)

LSEG set this company-wide target to complement Int1, for a 20% reduction target in waste (tonnes) per £m revenue by 2020, compared to 2013. Total waste produced per £m revenue has reduced by 77% in 2019 compared to 2013 (base year). This is largely driven by improvements in the waste management process in the UK including the introduction of a baler and new food waste processes – adding to an innovative food waste solution in Italy. Waste is increasingly better segregated across all regions, and as a result, the proportion of waste recycled rather than sent to energy from waste plants or landfill has increased. LSEG continues to achieve 99% landfill avoidance.

Target reference number

Oth 2

Year target was set

2018

Target coverage

Company-wide

Target type: absolute or intensity

Intensity

Target type: category & Metric (target numerator if reporting an intensity target)

Waste management	metric tons of waste generated
------------------	--------------------------------

Target denominator (intensity targets only)

unit FTE employee

Base year

2018

Figure or percentage in base year

0.164

Target year

2019

Figure or percentage in target year

0.16072

Figure or percentage in reporting year

0.151

% of target achieved [auto-calculated]

396.341463414634

Target status in reporting year

Achieved

Is this target part of an emissions target?

Int 6

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Please explain (including target coverage)

LSEG set this company-wide target to complement Int6, for a 2% reduction target in waste (tonnes) per FTE in 2019, compared to 2018. Total waste produced per FTE has reduced by 8% in 2019 compared to 2018 (base year). Our waste management work in our London offices has been recognised with receiving Platinum Award status for the last five years, and special recognition under the Cheapside Business Alliance Award at the London Clean City Awards in 2018. One of our offices in Sri Lanka improved their waste management processes to deliver more accurate data on waste, and other locations have introduced new recycling streams to divert waste from energy-from-waste plants. A number of offices across Italy and Sri Lanka have adopted single-use plastic waste reduction initiatives which include replacing plastic cups

with reusable bottles, installing bottle refill stations, and introducing reusable lunchboxes to save packaging waste in cafeterias. We continue to set printing targets (2019: -2% per FTE) and once again have surpassed this target in the year with a 28% reduction per FTE. Waste is increasingly better segregated across all regions, and as a result, the proportion of waste recycled rather than sent to energy from waste plants or landfill has increased. LSEG continues to achieve 99% landfill avoidance.

Target reference number

Please select

Year target was set

Target coverage

Please select

Target type: absolute or intensity

Please select

Target type: category & Metric (target numerator if reporting an intensity target)

Please select

Target denominator (intensity targets only)

<Not Applicable>

Base year

Figure or percentage in base year

Target year

Figure or percentage in target year

Figure or percentage in reporting year

% of target achieved [auto-calculated]

<Calculated field>

Target status in reporting year

Please select

Is this target part of an emissions target?

Is this target part of an overarching initiative?

Please select

Please explain (including target coverage)

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	4	18.39
To be implemented*	5	77.38
Implementation commenced*	2	0.01
Implemented*	8	7258.44
Not to be implemented	0	0

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Low-carbon energy consumption	Low-carbon electricity mix
-------------------------------	----------------------------

Estimated annual CO2e savings (metric tonnes CO2e)

7180

Scope(s)

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

0

Investment required (unit currency – as specified in C0.4)

55000

Payback period

No payback

Estimated lifetime of the initiative

<1 year

Comment

During 2019, we made the strategic decision to move to 100% renewable electricity. As of 2018, 66% of our electricity is 100% renewable through renewable supplier tariffs. During 2019, we built on this through procurement of energy attribute certificates for all other electricity consumption where we had not been able to arrange a 100% renewable supplier tariff. These energy attribute certificates (including EACs, RECs, iRECs, GOs) were purchased from an internationally recognised trader, member of IETA, and CDP gold partner and all certificates were retired in the schemes relevant to the country of consumption. This initiative was the primary action by which we were able to achieve a 41% reduction in our absolute carbon footprint and a 42% reduction in carbon emissions per Full Time Employee (FTE).

Initiative category & Initiative type

Energy efficiency in buildings	Heating, Ventilation and Air Conditioning (HVAC)
--------------------------------	--

Estimated annual CO2e savings (metric tonnes CO2e)

62.31

Scope(s)

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

13000

Investment required (unit currency – as specified in C0.4)

0

Payback period

No payback

Estimated lifetime of the initiative

Ongoing

Comment

During 2019, our Sri Lanka property team colleagues made some adjustments to the chiller set points (increasing setpoint to 7-8degC) and adjusted the switch-on schedules to improve efficiencies of these systems at two sites. This simple and low-cost action is expected to have significant annual savings in electricity consumption, and as a result emissions savings of 62,31 tCO2e (Scope 2 Location-based). This action has been calculated to save approximately £13,000 in annual monetary savings.

Initiative category & Initiative type

Energy efficiency in buildings	Lighting
--------------------------------	----------

Estimated annual CO2e savings (metric tonnes CO2e)

10.76

Scope(s)

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

974

Investment required (unit currency – as specified in C0.4)

6000

Payback period

4-10 years

Estimated lifetime of the initiative

6-10 years

Comment

During 2019, our UK property team continued its rolling LED upgrade programme with further LED replacement lighting installed at our London HQ. This action will have some impact on reducing emissions (10.76 tCO2e) and will return on its investment (approximately £6,000) within the lifetime of the initiative, due to £974 annual monetary savings from electricity bills.

Initiative category & Initiative type

Waste reduction and material circularity	Waste reduction
--	-----------------

Estimated annual CO2e savings (metric tonnes CO2e)

2.95

Scope(s)

Scope 2 (location-based)

Scope 3

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

3300

Investment required (unit currency – as specified in C0.4)

5800

Payback period

1-3 years

Estimated lifetime of the initiative

3-5 years

Comment

During 2019, our Italian offices provided reusable water bottles to all employees which during the later part of 2019 saved 6,250 plastic cups and 6000 plastic bottles from the on-site cafeteria. These disposable cups and plastic bottles would have added to the plastic recyclable waste from these locations had it not been for the introduction of these reusable water bottles. Some assumptions have been used to calculate the annual monetary savings (avoiding the purchase of disposable cups and bottled water) of 3p per cup and 50p per water bottle.

Initiative category & Initiative type

Energy efficiency in buildings	Lighting
--------------------------------	----------

Estimated annual CO2e savings (metric tonnes CO2e)

1.62

Scope(s)

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

550

Investment required (unit currency – as specified in C0.4)

3600

Payback period

4-10 years

Estimated lifetime of the initiative

6-10 years

Comment

During 2019, our Italian property team continued its rolling LED upgrade programme with further LED replacement lighting installed at our office in Milan. This action will have some impact on reducing emissions (1.62 tCO2e) and will return on its investment (approximately £3,600) within the lifetime of the initiative, due to £550 annual monetary savings from electricity bills.

Initiative category & Initiative type

Energy efficiency in buildings	Lighting
--------------------------------	----------

Estimated annual CO2e savings (metric tonnes CO2e)

0.5

Scope(s)

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

69

Investment required (unit currency – as specified in C0.4)

1000

Payback period

11-15 years

Estimated lifetime of the initiative

6-10 years

Comment

During 2019, our UK property team continued its rolling LED upgrade programme with further LED replacement lighting installed at our primary UK data centre. This action will have a small impact on reducing emissions (0.5 tCO2e) and will return on its small investment (approximately £1000) within 14 years, due to £69 annual monetary

savings from electricity bills.

Initiative category & Initiative type

Company policy or behavioral change	Waste management
-------------------------------------	------------------

Estimated annual CO2e savings (metric tonnes CO2e)

0.25

Scope(s)

Scope 3

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

0

Investment required (unit currency – as specified in C0.4)

0

Payback period

Please select

Estimated lifetime of the initiative

Ongoing

Comment

In October 2019, LSEG ran a global Green Week. This involved a series of events and initiatives aimed at promoting awareness of green and sustainability-related issues to our staff around the world as well as a number of sustainable linked charitable initiatives. This culminated in an externally focused event launching our Green Economy Mark and Sustainable Bond Market as well as our Sustainable Finance and Investment Summit. One of the key initiatives during this week was for colleagues to be educated and improve their own contribution to waste management at LSEG. At our London HQ, Champions led a waste recycling behaviour change campaign and it has been possible to measure a reduction in waste (and resulting 0.25 tCO2e reduction) at the site.

Initiative category & Initiative type

Company policy or behavioral change	Waste management
-------------------------------------	------------------

Estimated annual CO2e savings (metric tonnes CO2e)

0.05

Scope(s)

Scope 3

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

0

Investment required (unit currency – as specified in C0.4)

0

Payback period

No payback

Estimated lifetime of the initiative

Ongoing

Comment

During the first half of 2019, our Property team were able to provide recycling collections for more waste streams from our primary UK data centre. This has had a minor contribution to our 2019 emissions, saving 0.05 tCO2e per annum.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Compliance with regulatory requirements/standards	Until 2019, LSEG used the UK CRC Energy Efficiency Scheme (where companies are financially penalised for their energy consumption) as a key lever to drive investment in energy efficiency and GHG reduction measures. This scheme closed in July 2019. LSEG are driving investment in further energy efficiency and GHG emissions reduction initiatives through internal stakeholder engagement, which is facilitated by our Property team and Environmental Management Group. Reporting on progress towards our external targets at the Corporate Sustainability Committee on a regular basis supports this process. Our compliance with ESOS supports our investment decisions by providing a suggested, costed priority list for energy efficiency measures and we use this to build the business case for such activities. Our proactive engagement with mandatory and voluntary emissions reporting schemes ensures that our progress in emissions reductions initiatives and our resulting progress on targets are visible publicly.
Employee engagement	The small decisions we each make help us become more aware of our strategic role in building a sustainable economy and business, through investment and engagement. Because of this, we believe that the investment with the highest return for the environment is behaviour change. In 2019, we held Green Week which allowed our employees to learn practical ways in which they can help to reduce our impact as a business. We continued to engage staff through sustainability communications, including regular reporting of performance against targets on our intranet.
Financial optimization calculations	LSEG employs the services of energy efficiency specialists where appropriate to quantify, analyse, and prioritise financial investment in building fabric, services, and process efficiencies, including as part of the ESOS process. These projects will simultaneously reduce LSEG's GHG emissions and energy costs.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

No

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start

January 1 2016

Base year end

December 31 2016

Base year emissions (metric tons CO2e)

1583

Comment

Scope 2 (location-based)

Base year start

January 1 2016

Base year end

December 31 2016

Base year emissions (metric tons CO2e)

23010

Comment

2016 figures have been updated to correct a minor error in last year's submission (23,120).

Scope 2 (market-based)

Base year start

January 1 2016

Base year end

December 31 2016

Base year emissions (metric tons CO2e)

21676

Comment

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

The Greenhouse Gas Protocol: Scope 2 Guidance

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)
1816

Start date
January 1 2019

End date
December 31 2019

Comment

Past year 1

Gross global Scope 1 emissions (metric tons CO2e)
1414

Start date
January 1 2018

End date
December 31 2018

Comment

Past year 2

Gross global Scope 1 emissions (metric tons CO2e)
1919

Start date
January 1 2017

End date
December 31 2017

Comment

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based
We are reporting a Scope 2, location-based figure

Scope 2, market-based
We are reporting a Scope 2, market-based figure

Comment

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based
18052

Scope 2, market-based (if applicable)
0

Start date
January 1 2019

End date
December 31 2019

Comment

Past year 1

Scope 2, location-based
19169

Scope 2, market-based (if applicable)
7132

Start date
January 1 2018

End date
December 31 2018

Comment

Past year 2

Scope 2, location-based
21850

Scope 2, market-based (if applicable)
11694

Start date
January 1 2017

End date
December 31 2017

Comment

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

No

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status
Relevant, calculated

Metric tonnes CO2e
125193

Emissions calculation methodology

This figure has been calculated for 2019 following a review and recalculation of our complete Scope 3 emissions inventory, in preparation for the development of our Scope 3 science-based target. This figure has been calculated using an input-output analysis of our procurement spend data for 2019, attributing a Defra Input/Output emissions factor to spend for all relevant spend categories.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

As a result of this analysis, we have confirmed that 84% of our Scope 3 inventory is attributed to Purchased goods and services, and as such Purchased goods and services is a relevant Scope 3 category for LSEG. 0% of data used to calculate this value has been obtained from suppliers or value chain partners for 2019, only LSEG procurement spend data has been used at this time. The results of our Scope 3 science-based targets development will inform if and how we measure and report on this Scope 3 category in future years. This information is not included in our emissions reporting as part of our Annual Report or Sustainability report for 2019 (reporting year) and as such, is not third-party verified.

Capital goods

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

As a result of a review and recalculation of LSEG's complete Scope 3 emissions inventory, in preparation for the development of our Scope 3 science-based target, it has been confirmed that LSEG does not have any capital goods expenditure, and therefore there are no associated Capital Goods emissions. This information is not included in our emissions reporting as part of our Annual Report or Sustainability report for 2019 (reporting year) and as such, is not third-party verified.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Relevant, calculated

Metric tonnes CO2e

436

Emissions calculation methodology

Data is calculated using primary data from building metering and is cross-checked against supplier invoices and externally verified. Extrapolation based on FTE headcount has been used where limited data is available due to landlord data restrictions in serviced office space. 6.13% of emissions (location-based) associated with Purchased Electricity are extrapolated. T&D losses from electricity are calculated using 2019 or the latest available conversion factors and associated GWP from each of the following sources: United Kingdom: DEFRA UK Government GHG 2019 Conversion Factors; Global (non-extrapolated): GHG Protocol: <http://www.ghgprotocol.org/calculation-tools/all-tools>; Extrapolated: DEFRA UK Government GHG 2019 Conversion Factors.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

93.87

Please explain

Emissions calculated are for Transmission and distribution (T&D) losses (generation of electricity) only. 6.13% of emissions (location-based) associated with Purchased Electricity are extrapolated, therefore 93.87% of FERA emissions have been obtained from supplier data.

Upstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

As an office based financial services firm, our operations do not currently include any upstream transportation or distribution other than that which would be directly included in our purchased goods and services or capital goods and services.

Waste generated in operations

Evaluation status

Relevant, calculated

Metric tonnes CO2e

302

Emissions calculation methodology

Emissions from waste are calculated based on total waste (kg) including waste to energy, waste to landfill and waste recycled (including glass, paper, cardboard, plastics, food and drink, and mixed recycling). Emissions are calculated from primary supplier data in the UK, Italy, Romania and Sri Lanka and extrapolation based on FTE has been used where primary data is not available across the rest of the world. Emissions from waste are 2.55% extrapolated. Emissions from waste generated in operations are calculated using 2019 or the latest available conversion factors and associated GWP from each of the following sources: United Kingdom: DEFRA UK Government GHG 2019 Conversion Factors; Global (non-extrapolated): DEFRA UK GHG 2019 Government Conversion Factors (as no GHG protocol factor for waste); Extrapolated: DEFRA UK Government 2019 GHG Conversion Factors.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

97.45

Please explain

We currently measure and monitor all of our global waste streams and thus are able to calculate the emissions directly arising from this aspect of our operations in the UK, Italy, Romania and Sri Lanka. We are constantly working with suppliers to increase the availability of primary data rather than using extrapolation.

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

8013

Emissions calculation methodology

Emissions are 100% calculated based on air travel and rail travel miles supplied and confirmed by our travel booking partner. Air Travel emissions are calculated using mileage from our travel bookings provider, except our Asia partner bookings which are based on Origin / Destination airport codes and Via Michelen mileage data. Rail travel is calculated using origin and destination city pairs, and Via Michelen mileage data. Emissions are calculated based on Distance i.e. International, Long Haul, Short Haul, Domestic and class i.e. Economy, Premium Economy, Business Class, First Class. Rail travel uses International and National Rail factors. All factors are from 2019 DEFRA UK Government GHG Conversion Factors.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Air travel forms the most significant portion of our GHG inventory. Emissions are 100% calculated based on air travel and rail travel miles supplied and confirmed by our travel booking partner.

Employee commuting

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

3489

Emissions calculation methodology

This figure has been calculated for 2019 following a review and recalculation of our complete Scope 3 emissions inventory, in preparation for the development of our Scope 3 science-based target. This figure has been calculated using national commuting surveys for the United Kingdom and the United States of America. As approximately 50% of our employees work in either of these countries, this data was used to calculate an average commuting emissions impact per employee (0.629 tCO₂e per annum), which was then applied to our office-based employees outside of these two countries. Employee commuting accounts for 2% of LSEG's total Scope 3 emissions

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

0% of the emissions calculated for employee commuting is from suppliers or value chain partners due to the lack of availability of this data globally. The results of our Scope 3 science-based targets development will inform if and how we measure and report on this Scope 3 category in future years. This information is not included in our emissions reporting as part of our Annual Report or Sustainability report for 2019 (reporting year) and as such, is not third-party verified.

Upstream leased assets

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

80

Emissions calculation methodology

This figure has been calculated for 2019 following a review and recalculation of our complete Scope 3 emissions inventory, in preparation for the development of our Scope 3 science-based target. The only upstream leased assets used by LSEG are storage facilities. This figure has been calculated based on the floor area used for storage by LSEG, and a CIBSE storage/warehouse facility benchmark for electricity and gas consumption for 2019. Emissions factors have then been applied to estimate the total tCO₂e impact of this Scope 3 category for LSEG. Upstream leased assets account for less than 1% of LSEG's total Scope 3 emissions.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

0% of the emissions calculated for upstream leased assets are from suppliers or value chain partners as this is an immaterial Scope 3 category for LSEG. The results of our Scope 3 science-based targets development will inform if and how we measure and report on this Scope 3 category in future years. This information is not included in our emissions reporting as part of our Annual Report or Sustainability report for 2019 (reporting year) and as such, is not third-party verified.

Downstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

As an office-based financial services firm, our operations do not currently include any downstream transportation or distribution.

Processing of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

As an office-based financial services firm, our operations do not currently include any sold physical products.

Use of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

As an office-based financial services firm, our operations do not currently include any sold physical products. All emissions from our services are calculated and included within our Scope 1 and 2 reported emissions.

End of life treatment of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

As an office-based financial services firm, our operations do not currently include the sale of physical products.

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

All downstream leased assets are currently under our operational control. We use the operational control method for our reporting scope, and all tenant emissions as the lessor of office space have been included in our Scope 1 and 2 reported emissions.

Franchises

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

We do not currently have any franchise operations.

Investments

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

LSEG does not make any investments.

Other (upstream)

Evaluation status

Relevant, calculated

Metric tonnes CO2e

33.7

Emissions calculation methodology

Water withdrawal emissions are calculated using primary data from building metering in UK, Italy, Romania and Sri Lanka and is cross-checked against supplier invoices and externally verified. Extrapolation based on FTE headcount has been used where limited data is available due to landlord data restrictions in serviced office spaces for the Rest of the World. Emissions from water are calculated based on municipal water consumption in tCO2e per litre. 9.03% of emissions associated with water are extrapolated. Emissions from water consumption are calculated using 2019 or the latest available conversion factors and associated GWP from each of the following sources: United Kingdom and Extrapolated: DEFRA UK Government GHG 2019 Conversion Factors; Global (non-extrapolated): DEFRA UK GHG 2019 Government Conversion Factors (as no GHG protocol factor for water).

Percentage of emissions calculated using data obtained from suppliers or value chain partners

90.97

Please explain

We currently measure and monitor all of our global water consumption using primary supplier data wherever available and thus are able to calculate the emissions directly arising from this aspect of our operations in the UK, Italy, Romania and Sri Lanka. We are constantly working with suppliers to increase the availability of primary data rather than using extrapolation.

Other (downstream)

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

LSEG does not have any Other (downstream) emission sources relevant to their business operations.

C6.7

(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?

No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

7.848e-7

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)

1816

Metric denominator

unit total revenue

Metric denominator: Unit total

2314000000

Scope 2 figure used

Market-based

% change from previous year

80.5

Direction of change

Decreased

Reason for change

Revenue increased by 8.4% during the reporting period compared to 2018, while gross Scope 1 & 2 market-based emissions decreased by 78.8%. As a result, emissions per unit total revenue have decreased by 80.50%. This reduction was primarily due to our move to 100% renewable electricity. This has been achieved through maintaining 100% renewable supplier tariffs for 66% of our electricity consumption and the procurement of energy attribute certificates for all other electricity consumption (purchased from an internationally recognised trader, member of IETA, and CDP gold partner). Energy conservation measures (such as office consolidation projects, LED lighting upgrades, and chiller setpoint and schedule adjustments) have continued in all regions to reduce energy consumption.

Intensity figure

0.33

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)

1816

Metric denominator

full time equivalent (FTE) employee

Metric denominator: Unit total

5429

Scope 2 figure used

Market-based

% change from previous year

79.5

Direction of change

Decreased

Reason for change

Full-time equivalent employee headcount increased by 2% during the reporting period, while gross Scope 1 & 2 emissions decreased by 78.8%. As a result Scope 1 and 2 emissions per FTE have decreased by 79.50%. This reduction was primarily due to our move to 100% renewable electricity. This has been achieved through maintaining 100% renewable supplier tariffs for 66% of our electricity consumption and the procurement of energy attribute certificates for all other electricity consumption (purchased from an internationally recognised trader, member of IETA, and CDP gold partner). Energy conservation measures (such as office consolidation projects, LED lighting upgrades, and chiller setpoint and schedule adjustments) have continued in all regions to reduce energy consumption.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	550.23	IPCC Fourth Assessment Report (AR4 - 100 year) <i>The Scope 1 greenhouse gas type breakdown is divided into each GWP reference, as Defra emissions factors are determined by IPCC Fourth Assessment Report (AR4) and all other Scope 1 emissions factors used by LSEG are determined by IPCC Fifth Assessment Report (AR5).</i>
CH4	0.428	IPCC Fourth Assessment Report (AR4 - 100 year) <i>The Scope 1 greenhouse gas type breakdown is divided into each GWP reference, as Defra emissions factors are determined by IPCC Fourth Assessment Report (AR4) and all other Scope 1 emissions factors used by LSEG are determined by IPCC Fifth Assessment Report (AR5).</i>
N2O	1.269	IPCC Fourth Assessment Report (AR4 - 100 year) <i>The Scope 1 greenhouse gas type breakdown is divided into each GWP reference, as Defra emissions factors are determined by IPCC Fourth Assessment Report (AR4) and all other Scope 1 emissions factors used by LSEG are determined by IPCC Fifth Assessment Report (AR5).</i>
CO2	1260.041	IPCC Fifth Assessment Report (AR5 – 100 year) <i>The Scope 1 greenhouse gas type breakdown is divided into each GWP reference, as Defra emissions factors are determined by IPCC Fourth Assessment Report (AR4) and all other Scope 1 emissions factors used by LSEG are determined by IPCC Fifth Assessment Report (AR5).</i>
CH4	3.348	IPCC Fifth Assessment Report (AR5 – 100 year) <i>The Scope 1 greenhouse gas type breakdown is divided into each GWP reference, as Defra emissions factors are determined by IPCC Fourth Assessment Report (AR4) and all other Scope 1 emissions factors used by LSEG are determined by IPCC Fifth Assessment Report (AR5).</i>
N2O	0.97	IPCC Fifth Assessment Report (AR5 – 100 year) <i>The Scope 1 greenhouse gas type breakdown is divided into each GWP reference, as Defra emissions factors are determined by IPCC Fourth Assessment Report (AR4) and all other Scope 1 emissions factors used by LSEG are determined by IPCC Fifth Assessment Report (AR5).</i>

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
United Kingdom of Great Britain and Northern Ireland	512.83
Italy	973.46
Sri Lanka	258.77
United States of America	0
France	0
Romania	32.12
Other, please specify (Rest of World)	39.14
China, Hong Kong Special Administrative Region	0

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By activity

C7.3c

(C7.3c) Break down your total gross global Scope 1 emissions by business activity.

Activity	Scope 1 emissions (metric tons CO2e)
Natural Gas	1282.73
Diesel	319.42
LPG	29.14
Road Fuel	36.28
Fugitive Emissions	148.75

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted for in Scope 2 market-based approach (MWh)
United Kingdom of Great Britain and Northern Ireland	11151.28	0	48863.08	48863.08
Italy	3199.45	0	4561.8	4561.8
Sri Lanka	2299.67	0	3640.09	3640.09
United States of America	57.14	0	271.41	271.41
France	103.43	0	1490.46	1490.46
Romania	118.12	0	343.53	343.53
China, Hong Kong Special Administrative Region	85.3	0	117.01	117.01
Other, please specify (Rest of world)	1035.3	0	4050.27	4050.27

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By activity

C7.6c

(C7.6c) Break down your total gross global Scope 2 emissions by business activity.

Activity	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Data Centre Purchased Electricity	10255.58	0
Office Space Purchased Electricity	7185.73	0
Tenants Purchased Electricity	608.38	0

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	7180	Decreased	84.03	84.03% of the change in emissions in 2019 compared to the previous year, is attributed to the strategic decision to purchase Energy Attribute Certificates (EACs, RECs, GOs, IRECs) for all electricity consumption not already covered by a 100% renewable supplier tariff for LSEG. 66% of our electricity consumption had been covered by 100% renewable supplier tariffs as of 2018. 7180 tCO2e is the total Scope 2 (market-based) carbon emissions avoided due to the purchase of EACs, after all other emissions reductions activities had been actioned. In 2018 gross global Scope 1 and 2 market based emissions totalled 8,545 tCO2e. The calculation for emission value % is therefore $(-7180/8545)*100=-84.03\%$. A 84.03% reduction in Scope 1 and 2 emissions
Other emissions reduction activities	23.6	Decreased	0.28	Emissions reductions activities in 2019 included adjustments to the chiller setpoint temperatures and switch-on schedules in Sri Lanka; LED or energy-efficient lighting upgrades in offices and data centres Italy and the UK; provision of reusable water bottles to employees in Italy, which led to a reduction in plastic waste generation and subsequent emissions and further behaviour change campaigns. Further details of these initiatives can be found in C4.3b. The Scope 1 and Scope 2 emission savings of these initiatives have been estimated for their impact during 2019 and total of 23.6 tCO2e. In 2018 gross global Scope 1 and 2 market based emissions totalled 8,545 tCO2e. The calculation for emission value % is therefore $(-23.6/8545)*100=-0.28\%$. A 0.28% reduction in Scope 1 and 2 emissions
Divestment	0	No change	0	There have been no material divestments during the reporting period.
Acquisitions	0	No change	0	There have been no material acquisitions during the reporting period.
Mergers	0	No change	0	There have been no material mergers during the reporting period.
Change in output	0	No change	0	There have been no material changes in output during the reporting period.
Change in methodology	0	No change	0	There have been no changes to methodology during the report period, other than annual updates to emission conversion factors according to Defra 2019 and GHG Protocol guidance.
Change in boundary	0	No change	0	There have been no boundary changes during the reporting period.
Change in physical operating conditions	0	No change	0	There have been no material changes in physical operating conditions during the reporting period.
Unidentified	0	No change	0	There were no Scope 1 and Scope 2 emissions variations that have not been identified and attributed to a possible cause.
Other	474.5	Increased	5.55	There are a number of factors that caused increases in Scope 1 and Scope 2 emissions during 2019. 1) Scope 1 emissions increase of 170 tCO2e due to increased generator use (increased diesel consumption), as a result of minor electricity supply failures, faults in equipment, and related functional testing of the generators. The frequency of functional testing was periodically increased but returned to the normal schedule by the end of 2019. 2) Scope 1 emissions increase of 150 tCO2e due to increased natural gas consumption as a result of the increased full-time employee headcount in 2019 compared to 2018. 3) Scope 1 emissions increase of 105.5 tCO2e due to increased reporting of fugitive emissions, particularly at our London HQ. This increase is due to the installation of 23 new fridges/freezers and 9 new air conditioning systems and the required top-ups for this equipment. There have also been improvements in data capture for this emission source made over 2019. 4) Scope 2 (market-based) emissions increase of 49 tCO2e is attributed to increased electricity consumption due to increased operating capacity at our data centres and increased full-time employee headcount compared to 2018. Total Scope 1 and Scope 2 emissions change : $(170+150+105.5+49)=474.50$ In 2018 gross global Scope 1 and 2 market-based emissions totalled 8,545 tCO2e. The calculation to emission value % is, therefore $(+474.50/8545)*100=5.5\%$. A 5.55% increase in Scope 1 and 2 emissions.

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Market-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	0	8040.32	8040.34
Consumption of purchased or acquired electricity	<Not Applicable>	63337.64	0	63337.64
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	0	<Not Applicable>	0
Total energy consumption	<Not Applicable>	63337.64	8040.34	71377.98

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	Yes
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)

Natural Gas

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

6493.49

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

6493.49

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

0.19754

Unit

metric tons CO2e per MWh

Emissions factor source

UK and Rest of World: 2019 UK Government GHG Conversion Factors for Company Reporting: Fuels, Natural Gas kWh (Gross CV) - 0.18385 kgCO2e Italy & Sri Lanka : GHG Protocol 2015-2017: Fuels, ES Natural Gas kWh - 0.20254 kgCO2e.

Comment

0.19754 metric tons CO2e per MWh is the weighted average emissions factor, as LSEG use location-specific emissions factors where actual consumption data is collected.

Fuels (excluding feedstocks)

Diesel

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

1413.57

MWh fuel consumed for self-generation of electricity

1269.87

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

0.00267

Unit

metric tons CO2e per liter

Emissions factor source

UK and Rest of World: 2019 UK Government GHG Conversion Factors for Company Reporting: Fuels, Diesel (average biofuel blend), litres - 2.59411 kgCO2e. Italy: GHG Protocol 2009-2017: Fuels, ES Diesel , litres -2.69235 kgCO2e Sri Lanka: GHG Protocol 2009-2017: Fuels, Diesel (Retail) , litres - 2.69235 kgCO2e

Comment

0.100267 metric tons CO2e per liter is the weighted average emissions factor, as LSEG use location-specific emissions factors where actual consumption data is collected. The majority of diesel is consumed by diesel generators, the residual 143.7 MWh equivalent is used to for vehicle fuel.

Fuels (excluding feedstocks)

Liquefied Petroleum Gas (LPG)

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

133.29

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

133.29

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

2.99925

Unit

metric tons CO2e per metric ton

Emissions factor source

Sri Lanka: GHG Protocol 2009-2017: Fuels, LPG , tonne - 2.99925

Comment

2.99925 metric tons CO2e per metric ton is the weighted average emissions factor, as LSEG use location-specific emissions factors where actual consumption data is collected. LPG is only used in our Sri Lankan offices.

C8.2d

(C8.2d) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	1269.87	1269.87	0	0
Heat	0	0	0	0
Steam	0	0	0	0
Cooling	0	0	0	0

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero emission factor in the market-based Scope 2 figure reported in C6.3.

Sourcing method

Green electricity products (e.g. green tariffs) from an energy supplier, supported by energy attribute certificates

Low-carbon technology type

Low-carbon energy mix

Country/region of consumption of low-carbon electricity, heat, steam or cooling

United Kingdom of Great Britain and Northern Ireland

MWh consumed accounted for at a zero emission factor

37190.76

Comment

Our primary UK sites have purchased electricity tariffs with bundled energy attributes, that match every MWh of electricity supplied with a UK-recognised origin certificate. EACs are provided by SmartestEnergy, who are certified by the Carbon Trust Certification as compliant with GHG Protocol Scope 2 Guidance so that LSEG can report zero carbon emissions for purchased electricity when reporting using the market-based method. Generation mix includes solar PV, wind and hydropower.

Sourcing method

Green electricity products (e.g. green tariffs) from an energy supplier, supported by energy attribute certificates

Low-carbon technology type

Low-carbon energy mix

Country/region of consumption of low-carbon electricity, heat, steam or cooling

Italy

MWh consumed accounted for at a zero emission factor

4177.73

Comment

Renewable electricity in Italy is provided by A2A and Enel Energia SpA, and according to their contract includes hydro, solar, wind, geothermal and biomass renewable mix. Generation mix includes solar PV, wind, hydropower and biomass.

Sourcing method

Unbundled energy attribute certificates, International REC Standard (I-RECs)

Low-carbon technology type

Wind

Country/region of consumption of low-carbon electricity, heat, steam or cooling

Australia

MWh consumed accounted for at a zero emission factor

92

Comment

Sourcing method

Unbundled energy attribute certificates, Guarantees of Origin

Low-carbon technology type

Low-carbon energy mix

Country/region of consumption of low-carbon electricity, heat, steam or cooling

Belgium

MWh consumed accounted for at a zero emission factor

19

Comment

Sourcing method

Unbundled energy attribute certificates, Renewable Energy Certificates (RECs)

Low-carbon technology type

Hydropower

Country/region of consumption of low-carbon electricity, heat, steam or cooling

Canada

MWh consumed accounted for at a zero emission factor

74

Comment

Sourcing method

Unbundled energy attribute certificates, International REC Standard (I-RECs)

Low-carbon technology type

Wind

Country/region of consumption of low-carbon electricity, heat, steam or cooling

China

MWh consumed accounted for at a zero emission factor

28

Comment

Sourcing method

Unbundled energy attribute certificates, Guarantees of Origin

Low-carbon technology type

Low-carbon energy mix

Country/region of consumption of low-carbon electricity, heat, steam or cooling

France

MWh consumed accounted for at a zero emission factor

1554

Comment

Sourcing method

Unbundled energy attribute certificates, International REC Standard (I-RECs)

Low-carbon technology type

Wind

Country/region of consumption of low-carbon electricity, heat, steam or cooling

China, Hong Kong Special Administrative Region

MWh consumed accounted for at a zero emission factor

117

Comment

Sourcing method

Unbundled energy attribute certificates, International REC Standard (I-RECs)

Low-carbon technology type

Wind

Country/region of consumption of low-carbon electricity, heat, steam or cooling

India

MWh consumed accounted for at a zero emission factor

5

Comment

Sourcing method

Unbundled energy attribute certificates, Guarantees of Origin

Low-carbon technology type

Low-carbon energy mix

Country/region of consumption of low-carbon electricity, heat, steam or cooling

Italy

MWh consumed accounted for at a zero emission factor

5832

Comment

Sourcing method

Unbundled energy attribute certificates, International REC Standard (I-RECs)

Low-carbon technology type

Wind

Country/region of consumption of low-carbon electricity, heat, steam or cooling

Japan

MWh consumed accounted for at a zero emission factor

65

Comment

Sourcing method

Unbundled energy attribute certificates, International REC Standard (I-RECs)

Low-carbon technology type

Wind

Country/region of consumption of low-carbon electricity, heat, steam or cooling

Malaysia

MWh consumed accounted for at a zero emission factor

900

Comment

Sourcing method

Unbundled energy attribute certificates, International REC Standard (I-RECs)

Low-carbon technology type

Wind

Country/region of consumption of low-carbon electricity, heat, steam or cooling

Mexico

MWh consumed accounted for at a zero emission factor

5

Comment

Sourcing method

Unbundled energy attribute certificates, Guarantees of Origin

Low-carbon technology type

Low-carbon energy mix

Country/region of consumption of low-carbon electricity, heat, steam or cooling

Netherlands

MWh consumed accounted for at a zero emission factor

10

Comment

Sourcing method

Unbundled energy attribute certificates, Guarantees of Origin

Low-carbon technology type

Low-carbon energy mix

Country/region of consumption of low-carbon electricity, heat, steam or cooling

Portugal

MWh consumed accounted for at a zero emission factor

14

Comment

Sourcing method

Unbundled energy attribute certificates, Guarantees of Origin

Low-carbon technology type

Low-carbon energy mix

Country/region of consumption of low-carbon electricity, heat, steam or cooling

Romania

MWh consumed accounted for at a zero emission factor

344

Comment

Sourcing method

Unbundled energy attribute certificates, International REC Standard (I-RECs)

Low-carbon technology type

Wind

Country/region of consumption of low-carbon electricity, heat, steam or cooling

Singapore

MWh consumed accounted for at a zero emission factor

33

Comment

Sourcing method

Unbundled energy attribute certificates, International REC Standard (I-RECs)

Low-carbon technology type

Wind

Country/region of consumption of low-carbon electricity, heat, steam or cooling

Sri Lanka

MWh consumed accounted for at a zero emission factor

3640

Comment

Sourcing method

Unbundled energy attribute certificates, International REC Standard (I-RECs)

Low-carbon technology type

Wind

Country/region of consumption of low-carbon electricity, heat, steam or cooling

Taiwan, Greater China

MWh consumed accounted for at a zero emission factor

238

Comment

Sourcing method

Unbundled energy attribute certificates, International REC Standard (I-RECs)

Low-carbon technology type

Wind

Country/region of consumption of low-carbon electricity, heat, steam or cooling

United Arab Emirates

MWh consumed accounted for at a zero emission factor

5

Comment

Sourcing method

Unbundled energy attribute certificates, Guarantees of Origin

Low-carbon technology type

Hydropower

Country/region of consumption of low-carbon electricity, heat, steam or cooling

United Kingdom of Great Britain and Northern Ireland

MWh consumed accounted for at a zero emission factor

6507

Comment

Sourcing method

Unbundled energy attribute certificates, Renewable Energy Certificates (RECs)

Low-carbon technology type

Hydropower

Country/region of consumption of low-carbon electricity, heat, steam or cooling

United States of America

MWh consumed accounted for at a zero emission factor

2490

Comment

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.**Description**

Waste

Metric value

1395.38

Metric numerator

Sheets of A4 paper printed

Metric denominator (intensity metric only)

Full Time Employee (FTE)

% change from previous year

27.63

Direction of change

Decreased

Please explain

In our fourth year of setting a paper printing reduction target, we achieved a 27.63% reduction in A4 sheets per full-time employee.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

VSCCP6405 ISO 14064-3 Verification Statement LSEG 2019 v3.pdf

Page/ section reference

Page 1-4.

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach

Scope 2 location-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

VSCCP6405 ISO 14064-3 Verification Statement LSEG 2019 v3.pdf

Page/ section reference

Page 1-4.

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 2 approach

Scope 2 market-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

VSCCP6405 ISO 14064-3 Verification Statement LSEG 2019 v3.pdf

Page/ section reference

Page 1-4.

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.1c

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category

Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2)

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

VSCCP6405 ISO 14064-3 Verification Statement LSEG 2019 v3.pdf

Page/section reference

Page 1-4. This verification statement covers all Scope 3 emissions categories reported in our Annual Report and Corporate Sustainability Report – Business Travel, Water, Waste Generation, Electricity distribution and transmission (Fuel-and-energy-related-activities). Other categories reported as "Relevant and Calculated" in C6.5 – "Purchased Goods and Services", "Employee Commuting", and "Upstream leased assets" are not included in our annual reporting disclosures and therefore not verified.

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Waste generated in operations

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

VSCCP6405 ISO 14064-3 Verification Statement LSEG 2019 v3.pdf

Page/section reference

Page 1-4. This verification statement covers all Scope 3 emissions categories reported in our Annual Report and Corporate Sustainability Report – Business Travel, Water, Waste Generation, Electricity distribution and transmission (Fuel-and-energy-related-activities). Other categories reported as "Relevant and Calculated" in C6.5 – "Purchased Goods and Services", "Employee Commuting", and "Upstream leased assets" are not included in our annual reporting disclosures and therefore not verified.

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Business travel

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Please select

Attach the statement

VSCCP6405 ISO 14064-3 Verification Statement LSEG 2019 v3.pdf

Page/section reference

Page 1-4. This verification statement covers all Scope 3 emissions categories reported in our Annual Report and Corporate Sustainability Report – Business Travel, Water, Waste Generation, Electricity distribution and transmission (Fuel-and-energy-related-activities). Other categories reported as "Relevant and Calculated" in C6.5 – "Purchased Goods and Services", "Employee Commuting", and "Upstream leased assets" are not included in our annual reporting disclosures and therefore not verified.

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

No, we do not verify any other climate-related information reported in our CDP disclosure

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

Yes

C11.1a

(C11.1a) Select the carbon pricing regulation(s) which impacts your operations.

Other carbon tax, please specify (UK Carbon Reduction Commitment (CRC) for UK operations)

C11.1c

(C11.1c) Complete the following table for each of the tax systems you are regulated by.

Other carbon tax, please specify

Period start date

April 1 2018

Period end date

March 31 2019

% of total Scope 1 emissions covered by tax

15.17

Total cost of tax paid

214952

Comment

The cost of CRC allowances paid by LSEG for qualifying UK sites is included here for the reporting year 2019. The CRC scheme year runs April 2018 to March 2019, and the cost given is the total for the CRC reporting year 2018/19. The % of Scope 1 emissions covered by CRC is calculated using the total CRC qualifying UK Scope 1 emissions (275.5 tCO₂e) divided by total Scope 1 emissions for LSEG in the reporting year (1816 tCO₂e). $275.5/1816=15.17\%$

C11.1d

(C11.1d) What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?

i. LSEG employ specialist third party support for compliance with our Carbon Reduction Commitment (CRC) obligation in the UK. Our wider global efforts to increase energy efficiency and reduce energy consumption in our sites are aligned to our strategy for CRC - to reduce emissions and as a result reduce the fees due in CRC allowances. The fees due as a result of our CRC obligation help us build the business case for energy efficiency measures in key participating sites.

ii. For example, the costs of CRC allowances due at Paternoster Square and Earl Street have been factored into the business case proposition the lighting upgrade programme at Paternoster Square and the ongoing equipment consolidation projects at both sites.

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

No

C11.3

(C11.3) Does your organization use an internal price on carbon?

No, and we do not currently anticipate doing so in the next two years

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers
Yes, our customers

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Compliance & onboarding

Details of engagement

Code of conduct featuring climate change KPIs

% of suppliers by number

8

% total procurement spend (direct and indirect)

64

% of supplier-related Scope 3 emissions as reported in C6.5

Rationale for the coverage of your engagement

We engage with our suppliers to understand their approach to environmental management including their carbon and climate change practices. We use this information to help inform and prioritise our supply chain selection, and to help understand our wider procurement impacts. As a baseline, in signing up to our Supplier Code of Conduct we require our suppliers sign up to support our environmental KPIs. Approximately 8% of our total discretionary, addressable supply base has so far committed to comply with the Code, equivalent to more than 64% of our annual third party spend.

Impact of engagement, including measures of success

Climate change and wider environmental considerations are incorporated into our supplier on-boarding and due diligence approach for new suppliers, which includes the requirement to agree to our Supplier Code of Conduct. The Code of Conduct ascribed to at onboarding, facilitates our engagement with key suppliers when required on specific environmental issues. For example, we will be looking for our key suppliers (who have committed to support our environmental KPIs through agreement with our Code of Conduct) to support us with our Science Based Target setting process, as we continue to develop our Scope 3 target during 2020. Procurement continues to drive adoption and agreement to the Code of Conduct, and we currently use this as our measure of success for our climate-related supplier engagement. Approximately 8% of our total discretionary, addressable supply base has so far committed to comply with the Code, equivalent to more than 64% of our annual third party spend. In addition, we continue to drive more formal agreement with the Code via inclusion of specific clauses in our supplier contracts and templates. Following a contracts review of our Top 500 supplier contracts in 2019, covering our largest and most important supplier relationships, circa 39% of our key contracts include such clauses.

Comment

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement

Collaboration & innovation

Details of engagement

Run a campaign to encourage innovation to reduce climate change impacts

% of customers by number

30

% of customer - related Scope 3 emissions as reported in C6.5

Portfolio coverage (total or outstanding)

<Not Applicable>

Please explain the rationale for selecting this group of customers and scope of engagement

i. Listed companies, and potential issuers are a client segment highly impacted by the integration of climate change considerations into investment decisions. Our top 50 asset managers and owners (approximately 30% of our client base) are a key target for customer engagement. We have 3 core focus areas when engaging with clients: 1) Driving best practice in disclosure Helping all equity, fund and fixed income issuers to understand and implement effective, decision-useful ESG disclosures that reflect investor needs and trends in regulation. 2) Supporting new green-growth companies and funds Improve visibility of, and access to capital for, green & sustainable commercial activities worldwide. 3) Enabling the transition to a sustainable, low carbon economy. Innovation to enable issuers across all sectors to access the capital needed to address environmental risks and opportunities. ii. It is important issuers understand the implications that climate-related investment decisions have on their market valuation and their investor base. For this reason, LSEG demonstrated sector-wide leadership in supporting ESG and sustainable investment, with a comprehensive, cross asset-class Sustainable Finance & Investment programme that was rolled out in 2019/2020. This built upon the expertise of the whole London Stock Exchange Group, particularly the deep ESG data and investor insights of FTSE Russell and Beyond Ratings. The programme: • Delivered new market innovations that have already helped raise significant additional capital; • Provided comprehensive tools to support companies, funds and investors; and • Brought together market participants to share best practice. London Stock Exchange's strategy is based on the belief that sustainable investment must be integrated into the mainstream, supported by the world's largest capital markets.

Impact of engagement, including measures of success

London Stock Exchange's Sustainable Finance activities in 2019/20 were comprehensive and demonstrably successful, with notable world-first innovations: a Green Economy Mark for Equities; Sustainable Bond Market; and ESG Disclosure Score. Our overall measure of success of the Sustainable Finance and Investment programme is to increase the number of companies listed on our markets, that are generating green revenues and disclosing high quality ESG information. Each of these activities had their own measurable impact: 1) The Green Economy Mark: The Green Economy Mark raises visibility of companies to investors, increases market-wide awareness of the breadth of the green economy and enables further engagement on environmental solutions. Impact: Initially awarded in October 2019 to 74 issuers with a combined market cap of £55bn, approximately 50:50 split between AIM & Main Market. A further three issuers were awarded the Green Economy Mark at Initial Public Offering (IPO) which demonstrated the value of being able to use the Green Economy Mark in pre-IPO marketing. 2) Sustainable Bond Market: In October 2019 London Stock Exchange launched the first Sustainable Bond Market, with clear segments for Green, Social and Sustainable Bonds as well as Green Issuers (90% Green Revenues). Impact: From 1st March 2019 to 17th April 2020 57 new bonds listed on London Stock Exchange, a 37% YOY increase, collectively raising over £16bn. By 17 April 2020, there were 232 active bonds, which raised over £40bn in 14 currencies from 37 issuers. 3) ESG Disclosure Score :The ESG Disclosure Score is provided free to issuers along with sector benchmarks. It is a data-driven percentage score reflecting the level of disclosure by issuers of key ESG metrics for their industry sector. The Score is calculated for and provided to 470 large cap issuers via the Issuer Services. An online tool was developed to enable all remaining issuers (where insufficient data exists) to calculate their own score. This is a particularly important innovation for smaller Main Market and AIM issuers, which often lack dedicated ESG expertise in house. Impact: More than 500 issuers have completed the self-assessment in addition to the 470 provided, allowing these issuers to compare themselves to their industry sector, identify gaps and focus efforts for improvement.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

Direct engagement with policy makers

Trade associations

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Climate finance	Support	In 2019 London Stock Exchange was appointed to the PRA/FCA Climate Finance Risk Forum established to provide guidance on the integration of climate-related risks and opportunities in the banking, asset management and insurance sectors in the UK.	LSEG was involved in the Innovation working group, which put forward recommendations to introduce solutions to scale up green finance in the UK.
Climate finance	Support	Our Sustainability Manager is a member of the EU Technical Expert Group on Sustainable Finance (TEG), representing Borsa Italiana.	The TEG have been appointed by the Commission to action the following: - Development of an EU classification system of sustainable economic activities - Development of the minimum standards for a harmonized methodology for low-carbon and positive carbon impact benchmarks. - Development of an EU Green Bond standard. - Updating the Non-Binding Guidelines (supporting Non-Financial Reporting Directive) with focus on climate-related disclosures and incorporating the recommendations from TCFD. In 2019, reports were published in all of the above four areas.

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.**Trade association**

UKSIF (UK Sustainable Investment & Finance Association)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

UKSIF advances its mission and delivers value for its members by: Acting as a voice for the sustainable and responsible finance industry in the UK, convening its members to understand, educate and influence governments, nongovernmental organisations, regulators, companies, professional advisers, the general public and other stakeholders. As the industry matures and access to, and information about, companies becomes easier to obtain, UKSIF's role in support of dialogue with governments and regulators in the UK and potentially elsewhere has become a more significant part of its role. Their support for UK leadership in advancing sustainable development through investment and finance includes accelerating green finance and impact investing. In partnership with others, we support the creation of the UK Green Investment Bank and influencing corporate sustainability reporting requirements such as carbon emissions and regulatory approaches to social impact investment. Their analyst seminar programme catalyses debate on emerging environmental (including climate change), social and governance issues and assists our members to develop their practices. Other activities include the annual Extel SRI & Sustainability Survey, the UKSIF Annual Lecture and their support for the City of London's Sustainable City Awards.

How have you influenced, or are you attempting to influence their position?

LSEG influences the UKSIF position through being a member of the Board.

Trade association

UN Sustainable Stock Exchanges Initiative

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The SSE Initiative aims to explore how exchanges can work together with investors, regulators and companies to enhance corporate transparency and ultimately performance on ESG issues and to encourage responsible long-term approaches to investment. Currently over 87 exchanges from around the world are partner exchanges to the SSE Initiative.

How have you influenced, or are you attempting to influence their position?

Our Group Head of Sustainable Business is a member of the UN SSE Consultative Group and chaired the Working Group that in 2015 developed the Model Guidance for Exchange on ESG disclosure. LSEG launched its own guidance for issuers, in 2017, on the integration of ESG issues into investor reporting and communication, based on the SSE Model Guidance.

Trade association

Climate Bonds Partnership Programme

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

Climate Bonds Initiative is the only organisation in the world working solely to mobilize the largest capital market of all, the \$100 trillion bond market, for climate change solutions.

How have you influenced, or are you attempting to influence their position?

London Stock Exchange Group (LSEG) become the first global exchange to join the Climate Bonds Partnership Program.

Trade association

Green Bond Principles

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The Green Bond Principles are coordinated by the ICMA.

How have you influenced, or are you attempting to influence their position?

LSEG is an official observer.

Trade association

TCFD - Financial Stability Board Task Force on Climate-Related Financial Disclosures

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The Task Force on Climate-related Financial Disclosures (TCFD) will develop voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers, and other stakeholders. The Task Force will consider the physical, liability and transition risks associated with climate change and what constitutes effective financial disclosures across industries. The work and recommendations of the Task Force will help firms understand what financial markets want from disclosure in order to measure and respond to climate change risks, and encourage firms to align their disclosures with investors' needs.

How have you influenced, or are you attempting to influence their position?

LSEG took part in the Phase I consultation, responded to the subsequent "Recommendations" report, participated in various events serving to raise awareness and engaged in discussions with members of the Task Force. Mary Shapiro, Non-Executive Director to LSEG Board has been a secretary to the Task Force.

Trade association

UK Green Finance Institute Advisory Board

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The GFI has the objective to scale-up green finance in the UK and internationally, through public policy advocacy, capacity building, and fostering innovation and collaboration in the green finance sector.

How have you influenced, or are you attempting to influence their position?

LSEG is a member of the Advisory Board of the Green Finance Institute founded and funded by BEIS in response to the UK Green Finance Taskforce Recommendations.

Trade association

FCA/PRA Climate Risk Forum

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The FCA/PRA Risk forum was set up by the FCA and the Bank of England to embed consideration of climate-related risks and opportunities in the UK financial systems through four work streams: Innovation, Disclosures, Scenarios, Risk Management.

How have you influenced, or are you attempting to influence their position?

LSEG is a member of the newly established FCA/PRA Climate Forum – with particular focus on the Innovation Working Group.

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

LSEG has a transparent approach to lobbying. All our consultation papers are published on our website. We are also registered in the EU's Transparency Register.

The Group Corporate Sustainability (CS) Committee coordinates activities across the Group, partnering with all business areas to ensure consistency of engagement and approach with both internal and external stakeholders. The CS Committee also ensure coordination with the Group Regulatory Strategy and Government Relations team, who were represented on the Committee via the relevant Executive Committee member, the CEO of LSE plc, also in charge of the global Regulatory Strategy function.

All Government Relations and policy initiatives involve the development of position papers which are submitted to the CS Committee. CS Committee members provide their input whenever they see the topic has possible areas of overlap with sustainability and climate change issues to ensure these are consistent with the Group's overall climate change strategy.

All LSEG responses to consultations (all topics including climate-related) are publicly available at <https://www.lseg.com/about-london-stock-exchange-group/regulatory-strategy>.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

In mainstream reports, incorporating the TCFD recommendations

Status

Complete

Attach the document

LSEG Annual Report 31 December 2019.pdf

Page/Section reference

P 14 Market Trends and Our Response P 40-41 Supporting sustainable growth P 47 - 48 Our wider responsibility P 49 Task Force on Climate-related Financial Disclosures (TCFD) summary P 60 & 73 Principle risks and uncertainties

Content elements

- Governance
- Strategy
- Risks & opportunities
- Emissions figures
- Emission targets

Comment

Publication

In voluntary sustainability report

Status

Complete

Attach the document

LSEG Corporate Sustainability Report 31 December 2019.pdf

Page/Section reference

P 36 – 32 Environment P 13 - 20 Our Markets and Our Services

Content elements

- Governance
- Strategy
- Risks & opportunities
- Emissions figures
- Emission targets
- Other metrics

Comment

C15. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C15.1

(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Chief Financial Officer	Chief Financial Officer (CFO)

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors	Public

Please confirm below

I have read and accept the applicable Terms
