



The market open ceremony at the LSE, at which UN officials welcomed LSEG to the SSE Initiative, including UNCTAD Secretary-General Mukhisa Kituyi

Our commitments and progress as a member of the UN Sustainable Stock Exchange (SSE) Initiative

Background to the SSE Initiative

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. Almost 20 exchanges from around the world are partner exchanges to the SSE Initiative.

The SSE is co-organised by the United Nations Conference on Trade and Development, the United Nations Global Compact Office, the United Nations-supported Principles for Responsible Investment and the United Nations Environment Programme Finance Initiative.

In June 2014, LSEG announced that it would partner with the SSE initiative. In a letter to UN Secretary General Ban Ki-moon, LSEG committed to working with investors, companies and regulators to promote long term sustainable investment and improved ESG disclosure and performance among companies listed on its exchanges. This announcement was marked by the market open ceremony at the London Stock Exchange, at which UN officials welcomed LSEG to the SSE Initiative, including UNCTAD Secretary-General Mukhisa Kituyi.

Communication with Stakeholders

In early 2015, the SSE Initiative asked member exchanges to produce a communication to stakeholders, based around a specific structure, to share our approach with regard to promoting sustainable capital markets. London Stock Exchange Group's SSE Communication with Stakeholders is integrated into the December 2014 Corporate Responsibility Report but is also summarised here and follows the structure recommended by the SSE. Please note that this document should be read together with London Stock Exchange Group Corporate Responsibility Report 31 December 2014;

SSE COMMUNICATION AREAS

LSEG RESPONSE AND REFERENCE TO RELEVANT SECTIONS OF LONDON STOCK EXCHANGE GROUP CORPORATE RESPONSIBILITY REPORT 31 DECEMBER 2014

Business Strategy

How does your exchange define and view the rationale for corporate sustainability and the exchange's role in promoting it?	Our CR strategy on page 4 demonstrates our rationale for corporate sustainability and our role in promoting it. This is highlighted at the start of 'Our Markets' on page 8 and 'Our Services' on page 13.
How does your exchange's senior leadership and organisational structure support the promotion of corporate sustainability in its market(s)?	Our CR strategy is developed and reviewed by our ExCo and Board respectively. See more detail on page 5 where we set out the four pillars we adopt and the different business leaders responsible for each.
What goals/objectives does your exchange have in regards to advancing sustainability in your market?	Two of the pillars are particularly relevant here; "Our Markets" and "Our Services". Please see more details on page 8-16 and our 'looking ahead' is on page 42.

Transparency and Issuer Reporting

Describe your exchange's approach to promoting sustainability disclosure by companies.	We cover this across both "Our Markets" and "Our Services" pillars. We encourage best practice disclosure in two key ways. Firstly, FTSE's ESG services and the associated FTSE4Good Index family set standard for ESG disclosure globally. Second, we support a variety of events to promote best practice ESG disclosure for companies listed on our markets. Please see further details on page 14.
What is your exchange's process for reviewing listing standards in general? Are there opportunities for stakeholders to comment during this process?	The UKLA is responsible for listing standards in the UK not the London Stock Exchange.
How do you track sustainability reporting of your listed companies?	There are two ways, one internal and one external. Internally, the FTSE ESG service tracks the level of ESG disclosure for our markets and for other markets around the world. Externally, we review our progress against Corporate Knights exchange rankings for sustainability disclosure. This is highlighted on page 8.
What incentives (i.e., public recognition/awards) and sanctions do you have in place to encourage disclosure and discourage non-compliance/lower levels of transparency?	FTSE assesses ESG disclosure and performance of companies globally and provides this analysis to investors around the world. This data is also used to construct the FTSE4Good Index Series, which highlights companies that meet good practice standards. FTSE also works with other exchanges across developed and emerging markets to offer local FTSE4Good and ESG indices. More information can be found on page 27.
What connections have you made between national sustainable development frameworks and goals, and your exchange's existing standards and norms?	Please see the paragraph on the EU directive on non-financial reporting on page 9.

Issuer Capacity Building

If your exchange offers sustainability guidance for companies, please provide a description of the process for its creation.	LSEG intends to play a lead role developing the UN Sustainable Stock Exchange Model Guidance on sustainability reporting.
Do you and/or your regulator provide guidance on externally assuring ESG disclosures? In your market, how common is external assurance of ESG disclosures?	Neither LSEG nor the listing authorities currently provide this type of guidance.

Collaboration and Engagement

How do you engage and collaborate (or plan to do so) with: regulators, peer exchanges, investors, companies, global organisations and other stakeholders?	We do this in a range of ways including: <ul style="list-style-type: none"> i. we partner a large number of peer exchanges around the world and in some cases this explicitly covers ESG and ESG indices. ii. we respond to regulator consultations and have responded positively to consultations regarding issuer non-financial disclosure in the past iii. we host events for issuers and ESG related initiatives, iv. through FTSE we are involved in a large number of investor ESG collaborative bodies and initiatives including the UN backed PRI, UKSIF, US SIF, EuroSIF, ICGN, ASRIA, Japan SIF and RIAA and v. through our involvement with the SSE initiative.
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Sustainable Products

How has your exchange supported the development of financial products that address sustainability-related issues?	Please see the 'Our Markets' and 'Our Services' sections (pages 8-16) for a list of products and services.
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