



London
Stock Exchange Group

**Encouraging growth.
Expanding opportunities.**

Group Corporate Responsibility Report.

31 December 2015



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Welcome to our latest Corporate Responsibility Report



“As a global markets infrastructure business, our services can be directly linked to wealth and job creation, demonstrating the importance of managing a sustainable business.”

Xavier R Rolet, KBE
CEO, London Stock Exchange Group

London Stock Exchange Group recognises the essential role we play in supporting sustainable global economic growth. We have a commitment to our clients, colleagues and the wider community to run our business responsibly. Our Group corporate responsibility (CR) policy sets out the way we conduct our business to ensure long-term value creation as a commercial organisation, while considering our environmental and social impact, and offering best practice governance.

As a global markets infrastructure business, our services can be directly linked to wealth and job creation, demonstrating the importance of managing a sustainable business. The markets we operate facilitate equity and debt funding, providing small, medium and larger businesses with access to capital and thereby giving them the chance to grow, create jobs and contribute to the broader economies in which they operate. Our FTSE Russell index and benchmarking services help investors make informed investment decisions based on a range of criteria, including environmental, social and governance (ESG) factors. Our Post Trade businesses promote financial market stability through risk and balance sheet management services, while offering significant efficiencies for our clients. Our CR principles can be found in every aspect of our business and colleagues around the world sponsor, contribute to and manage our CR performance.

This report defines our Group CR strategy, showcases specific initiatives and achievements we've made across the year and summarises our overall corporate CR performance through ESG data. We have also looked ahead and made commitments, which we will evaluate in next year's report.

For the first time, we have included in our report an “at a glance” page, which highlights an important story from each area of our core CR pillars.

Thank you for taking the time to view this report. I hope it gives you further insight into the way we approach CR throughout our Group.

A handwritten signature in black ink, appearing to read 'X - R Rolet'.

Xavier R Rolet, KBE

Report at a glance

This report details the approach, achievements and aims for our business across all aspects of CR. We have closely linked our business strategy with our CR objectives, recognising the importance of best practice CR and how it can enhance business performance.

Our CR strategy is defined by a series of 6 impact areas and is executed through 4 pillars: our markets, our services, our people and our communities. The structure is set out and explained in more detail in Part 1 of the report.

Our Markets

1. Change
2. Grow

ELITE

ELITE is a community and platform that supports ambitious companies towards growth and investment.

Details can be found on page 12

Our Services

3. Disclose
4. Manage risk

Post Trade

LCH.Clearnet's world-class risk management framework provides capital efficiencies while supporting market stability.

Details can be found on page 19

Our People

5. Develop

The Learning Exchange

The Learning Exchange is our Group's own dedicated learning platform supporting the development of our employees.

Details can be found on page 22

Our Communities

6. Sustain

Foundation

LSEG Foundation is a charitable trust and the single channel for our charitable giving. We have joined with UNICEF as our global partner charity.

Details can be found on page 28

320+

companies now make up the ELITE community

over US\$100 trillion

notional outstanding eliminated through LCH.Clearnet's compression services

3,000+

colleagues accessing The Learning Exchange

£479 per employee

equivalent value of our donations

HIGHLIGHTS

SOCIAL

5,245

employees with 55 nationalities

ENVIRONMENT

-14%

reduction in Group Carbon Footprint per FTE

COMMUNITY

£2.5 million

community investment

£1.5 million

committed to donate to UNICEF over the next 3 years

Part 1:

London Stock Exchange
Group CR Strategy.



Our corporate responsibility strategy

“We believe that strong corporate responsibility behaviour underpins delivery of enhanced business performance and is a key element of risk management.”

Xavier R Rolet, KBE

CEO, London Stock Exchange Group

LSEG STRATEGIC PILLARS

Delivering best in class capabilities

We continue to further develop our skills, tools and assets to ensure we are able to capitalise on emerging customer needs – driving increased operational efficiency so we always execute on time, and to budget

Driving global growth

3 words that convey our commitment to continuing dynamic expansion across the value chain, products and geographies, and maximise value across the Group's businesses

Developing our partnership approach

A crucial difference between the Group and our major competitors. Through our Open Access philosophy, and driven by continued innovation, it creates optionality to develop commercial and corporate opportunities amidst constant industry and regulatory change

CR STRATEGY PILLARS

1. Our markets

promoting the dynamic companies and asset classes that will ensure long-term economic prosperity

2. Our services

enabling investors to make informed and sustainable investment decisions

3. Our people

recruiting and supporting on the basis of talent

4. Our communities

helping young people develop the skills to drive positive change for themselves and those around them

Key CR objectives

- To play an essential role in sustainable global economic growth
- To ensure our behaviour and actions are consistent with long-term value creation

Corporate responsibility is core to our business growth strategy

We believe that strong CR behaviour underpins the delivery of an enhanced business performance as well as being a key element of risk management. There is a clear link between our core business strategy and our CR objectives and their associated strategic pillars. Our twin CR objectives, quoted above, directly originate from our business strategy. Playing an integral role in sustaining the environments, our business works within and supports prosperity and growth within local economies, leading to continued long-term development of our own business, while providing wider opportunities to the global community.

Strategy implementation

Our CR strategy is defined by a series of impact areas (defined in our materiality page) and is executed through 4 pillars: our markets, our services, our people and our communities.

By having a clear and comprehensive CR strategy, we can take a leadership role that provides us with a voice in key debates that affect our operations and creates a platform for interacting with influential stakeholders, such as governments, regulators, global organisations and members of our community.

The successful execution of our CR strategy can be seen through the achievements made across 2015 and championed in this report. We have identified goals for the continued evolution of our CR strategy, approach and practice going forward and aim to continue to be recognised as a global leader in CR performance through the externally assessed annual ESG ratings over the coming years.

The management of Group corporate responsibility

Behind this CR strategy is a robust group-wide governance framework, ensuring that there is a clear path from the Executive Committee's oversight, to regular Board engagement with a Group CR Committee overseeing the wider Pillar working groups. These groups are led by members of the Executive Committee and attended by a wide range of employees from all areas of the business, on both a geographic and divisional basis, providing knowledge and different viewpoints that can shape our CR approach and influence our performance.

Materiality review

Pillars and Impact Areas

Building on the 4 pillars of our broad CR strategy, which we established in 2014, we have now identified 6 areas of initial focus within our CR programme – each of them underpinned by a particular pillar. These areas are:

CHANGE, GROW, DISCLOSE, MANAGE RISK, DEVELOP and SUSTAIN

These impact areas outline specific objectives that are executed through the 4 CR pillars.

Before reporting any CR initiatives or activities from across the year, we assess its materiality and relevance within our CR strategic framework.

In this assessment, the activities are cross referenced against the pillars, impact areas and finally, the GRI (Global Reporting Initiative) materiality definition and are reported if all 3 checks are passed.

At the same time as identifying the initial focus areas for our CR strategy, we've also been working on a fresh new approach for the LSEG Foundation.

GRI Materiality Definition

Materiality for sustainability reports has been defined by the GRI as content that:

- Reflects the organisation's significant economic, environmental and social impacts
- Substantively influences the assessments and decisions of stakeholders

THIS STRATEGIC FRAMEWORK PROVIDES A TOOL TO:

- Set coherent and congruent objectives with cross-Group impact
- Create aligned action plans
- Engage with staff to deliver value-add through innovative CR strategies
- Engage effectively with external audiences and stakeholder groups

OUR MARKETS

CHANGE:

We will help more companies improve the sustainability of their business; for example by actively encouraging a culture of sustainability performance disclosure

GROW:

We will help small and medium-sized enterprises (SMEs) raise capital and fund investments to create employment worldwide; for example through the continuing expansion of our ELITE programme

OUR SERVICES

DISCLOSE:

We will provide investors with information and tools to assess the EMG performance of companies to enable incorporation into engagement and investment; for example through FTSE Russell's continuing industry leadership in developing pioneering ESG and sustainability themed indexes

MANAGE RISK:

We will reduce risks and improve the efficiency of trading and clearing through our markets; for example through LCH.Clearnet's provision of further innovative services such as compression and, in the near future, portfolio margining

OUR PEOPLE

DEVELOP:

We will employ and invest in the development of a highly diverse global workforce to deliver on our sustainable vision; for example by helping colleagues take on a new challenge elsewhere in the Group in order to broaden their knowledge and experience

OUR COMMUNITIES

SUSTAIN:

We will help the less advantaged in communities worldwide to develop business skills and to support the environment; for example by supporting charities with specific focus on these areas through LSEG Foundation

Progress on our commitments

In the past year, we have continued to make good progress towards the commitments made in our CY14 CR report.

	Commitment	Progress
CHANGE	"Use new channels to communicate with issuers and promote non-financial disclosure and dialogue with long-term investors as a governance and market quality element and also in view of the implementation of the EU non-financial reporting directive."	LSEG chaired the working group in which the Sustainable Stock Exchanges Initiative developed the "Model guidance on reporting ESG information to investors" report, launched at the London Stock Exchange on 8 September 2015 (page 17). Supported by Borsa Italiana, the Italian Corporate Governance Committee included ESG risks and governance considerations in its review of the Corporate Governance Code, issued in July (page 11).
GROW	<p>"Continue building sustainable growth into the SME and Cleantech spaces, further engaging investors."</p> <p>"Roll out the LSEG Academy education programmes, including e-learning platforms to universities and business schools."</p>	<p>Our international ELITE programme welcomed the first intake from outside of the UK and Italy and continues to support high-quality, ambitious businesses with a clear growth strategy to prepare and structure for their next stage of growth (page 12). The second 1000 Companies to Inspire Britain report champions SMEs in the UK and highlights the importance of funding these companies properly (page 13).</p> <p>LSEG Academy designed a "blended" programme in partnership with leading universities and business schools in France, Spain and Germany to promote knowledge and expertise amongst CEOs and founders of European ELITE companies (page 12). LSEG Academy also contributed to sharing financial knowledge and expertise with emerging markets, in particular Mozambique and Morocco (pages 12 and 18).</p>
DISCLOSE	"Develop and further enhance FTSE's Environmental, Social and Governance, and Low Carbon Economy services."	FTSE Russell and Johannesburg Stock Exchange (JSE) launched a new FTSE/JSE Responsible Investment Series, including an index containing the top 30 companies as ranked by FTSE ESG Ratings (page 16). FTSE launched a new Ex-Coal index as part of its Ex-Fossil Fuel Series.
MANAGE RISK	"Drive cost and capital efficiencies through partnership with and supporting market participants with their Post Trade activity."	Target2-Securities, a pan-European project run by the European Central Bank, was launched with Monte Titoli a "first wave" participant. The project aims to reduce settlement costs across Europe and provide significant capital savings (page 19). LCH.Clearnet's compression services were extended, enhancing capital and operational efficiencies for members (page 19).
DEVELOP	<p>"Deploy Group programmes aimed at improving the engagement of our staff."</p> <p>"Scale up our diversity and social inclusion programmes (including gender)."</p>	<p>As a response to our first employee engagement survey "Have Your Say" in 2014, we have set out our intentions to focus on 3 key priorities: Collaboration and Innovation; People and Career Development; and Strategic Intent and Leadership (page 21). In the first CEO Awards we celebrate the values demonstrated by LSEG employees, with nominations coming from colleagues (page 22).</p> <p>We launched our global Women Inspired Network (WIN), supporting female employees in developing their careers while inspiring local young girls and celebrating successful women from across our industry (page 21). LSEG financially supported a government initiative to place young people in apprenticeships with SMEs (page 22).</p>
SUSTAIN	<p>"Develop a Group framework for charitable giving and staff community involvement."</p> <p>"Continue to work to meet our environmental targets."</p>	<p>The philanthropy working group has been established, with responsibility for a Group framework for philanthropic activity while ensuring staff engagement (page 25). LSEG Foundation reviewed its approach and positioning to further align it with overall Group CR strategy, establishing a global partnership with UNICEF (page 27).</p> <p>Details and performance against our environmental targets are detailed in the Environmental section of the report (page 32-36). We have achieved our overall 2020 target of a 20% reduction in tCO₂e per £m Revenue and per FTE (against a 2013 baseline).</p>

Part 2: 2015 Review.



Our Markets

promoting the dynamic companies and asset classes that will ensure long-term economic prosperity.



Pillar 1 – Our Markets

“The markets we operate facilitate funding for businesses to enable their growth and support long-term economic prosperity.”

Raffaele Jerusalemi

Group Director of Capital Markets

Our CR strategy related to our role as a provider of vital capital market infrastructure focuses on 2 main areas that underpin our overarching goal to encourage sustainable growth:

Impact areas

1. CHANGE

We will help more companies improve the sustainability of their business and the transparency of their reporting.

2. GROW

We will help SMEs raise capital and fund investments to create employment worldwide.

Materiality

1. The materiality of this focus area is supported by research carried out by the Sustainability Accounting Standards Board (SASB), which in its 2014 “Security & Commodity Exchanges Research Brief” identifies the industry’s material sustainability issues as: (i) promoting transparent and efficient capital markets (ii) managing conflicts of interests (iii) managing business continuity and technology risks, alongside promoting integration of ESG performance into capital markets. This is also aligned with guidance provided by the UN Sustainable Stock Exchanges Initiative.

2. The Group growth agenda is supported by positive feedback from governments, the EU, our customers and NGOs addressing the issues of underemployment.

CHANGE

Italian Sustainability and Governance

Borsa Italiana at Sustainable and Responsible Investment (SRI) Week

During November’s Sustainable and Responsible Investment Week, promoted by Sustainable Investment & Finance Association (SIF), a series of events were hosted by Borsa Italiana dedicated to SRI topics. Additionally, a closed-door round table with representatives of the Italian financial community took place to discuss ESG dialogue between investors and companies.

Italian National Pension Funds Day Event

In May, on Italian National Pension Funds Day (GNP2015), we partnered with UN Principles for Responsible Investment (UN PRI) to organise an event for the Italian pension fund community dedicated to Responsible Investment. We invited various European Pension Funds to talk about their ESG approaches and share their views with their Italian peers.

Italian Corporate Governance Code

On 9 July 2015, Borsa Italiana hosted a meeting of the Italian Corporate Governance Committee which approved some amendments of the Italian Corporate Governance Code.

The Code now states that the board of directors of a listed company should define the firm’s risk profile consistently with their strategic objectives, considering also the risks that may be relevant to the sustainability of their business activities in the medium–long term.

To further underline the importance of sustainability for best practice corporate governance, the Code recommends the most relevant companies (i.e. those included in the FTSE-Mib index) to consider whether or not to set up a board committee tasked with supervising sustainability issues related to the company’s business.

The full Code can be viewed at: www.borsaitaliana.it/comitato-corporate-governance/codice/codice.en.htm.

Italian Corporate Governance Conference



On the 3 and 4 December 2015, Borsa Italiana hosted the first “Italy Corporate Governance Conference”, created and organised by Assogestioni and Assonime, attracting companies, institutional investors, regulators and institutions to discuss the evolution of corporate governance in Italy and Europe, aimed at establishing a public dialogue on how corporate governance can contribute to economic growth.

During the 2 day discussion, the Conference focused on directors’ nomination process, investor stewardship, sustainability and long-term value creation, the new G20/OECD Principles of Corporate Governance and the impact of the Italian Corporate Governance Code on companies’ corporate practices and institutional investors’ portfolio decision-making process.

The complete schedule of the Conference is available here: www.icgconference.org/schedule.

Pillar 1 – Our Markets continued

GROW

ELITE



ELITE is LSEG's international programme for ambitious high growth businesses. Successfully launching in Italy in 2012 and the UK in 2014, it is now open to international businesses. In April 2015, ELITE welcomed the first intake from outside of the UK and Italy. At the end of 2015, the ELITE Community comprised 320+ companies, 150 advisors and 90 international investors.

Designed to help businesses prepare and structure for their next stage of growth, ELITE facilitates company access to a full range of funding options; increases company profile and visibility; promotes relationships and opportunities with potential investors; and supports management best practice and entrepreneurship. ELITE targets high-quality, ambitious businesses with a sound business model, a clear growth strategy and the desire to obtain funding in the future.

A partnership agreement with UniCredit, the Italian global banking and financial services company, was signed in December to establish a specific UniCredit Central and Eastern Europe (CEE) Lounge within the ELITE platform. This partnership has resulted in attracting new companies, specifically from CEE countries, to ELITE.

128

companies have joined the ELITE programme in 2015

Collaboration agreement signed between LSEG and CSE to launch ELITE in Morocco



Xavier R Rolet, KBE, CEO of LSEG and Karim Hajji, CEO of CSE, at the signing ceremony

On 30 July 2015, LSEG signed an agreement with Casablanca Stock Exchange (CSE) to support the launch of LSEG's successful business development programme, ELITE, in Morocco. A dedicated ELITE support team will share their knowledge of the programme with CSE representatives, guiding them on how best to implement and promote the programme.

This partnership builds on the strategic agreement signed between LSEG and CSE in 2014, before His Majesty the King, Mohammed VI, King of Morocco, to help position Casablanca's capital markets as a regional hub.

Sharing knowledge and expertise to impact on European SMEs growth



The first cohort of the ELITE International training sessions

Within ELITE, LSEG Academy has designed a "blended" programme in partnership with leading universities and business schools in France, Spain and Germany to promote the sharing of knowledge and expertise amongst CEOs and founders of European ELITE companies.

Through the adoption of new management practices, shared within the ELITE International training and coaching modules, companies will be better prepared to communicate their strategy and interact with investors. With peer learning, knowledge sharing and access to a pool of international experts, ELITE International aims to provide easier access for ELITE companies to fundraising options to support their future growth plans.

Across 2015, 57 senior managers participated in the scheme with 43 academics and expert advisors supporting the ELITE companies throughout their training.

40+

new European companies trained in the ELITE programme

Pillar 1 – Our Markets continued

AIM: 20 YEARS. 20 STORIES.



Chris Leslie MP speaks at an AIM Conference, 19 June 2015

AIM, LSEG's international market for small to medium sized growing companies, plays a vital role in supporting business growth by providing access to long-term capital. Through this role AIM has made, and continues to make, a substantial contribution to the UK economy.

To celebrate AIM's 20th anniversary, LSEG commissioned an update on a Grant Thornton report from 2010 setting out the economic impact of AIM. The report also showcased 20 AIM companies, highlighting the effect AIM has had on their business.

This new report, released in June, explained how, since its launch in 1995, AIM has supported over 3,580 companies in raising £39.4 billion at admission to the market and £50.6 billion of further funds. The report concluded that the UK companies admitted to AIM make a positive overall economic impact equivalent to £25 billion in GDP and 731,000 jobs.

Growing opportunities for young people through AIM



Sajid Javid announces a new apprenticeship scheme at AIM's 20th Anniversary event

On the occasion of the 20th anniversary of AIM, London Stock Exchange's growth market for ambitious small and medium businesses, UK Business Secretary Sajid Javid announced a new scheme to place apprentices in SMEs that are quoted on AIM.

Speaking at the LSEG event, the Business Secretary said the scheme will bring together innovative new companies that are the future of British business, and the hardworking young apprentices who are the future of the British workforce.

LSEG Foundation committed an initial £20,000 to underwrite the cost of administering the scheme, while an additional £17,000 was raised from AIM market participants. The scheme will be run by the educational charity City Gateway, and will work to highlight the opportunities that SMEs offer to young people.

Sajid Javid said: "World class apprenticeships are essential to support our employers and give hope and opportunity to young people. We are committed to 3 million new apprenticeship starts in this Parliament, and AIM's Apprenticeship Scheme is exactly the kind of project that will help make that vision a reality."

Xavier R Rolet, KBE, CEO of LSEG, stated: "As we celebrate 20 years of AIM providing capital to companies to fund their growth, we are delighted to launch this new SME Apprenticeship Scheme in partnership with City Gateway. SMEs are a key driver of jobs, innovation and economic growth in the UK. Matching the UK's most dynamic growth companies with talented young people seeking life-changing opportunities is a win-win. We have worked with City Gateway to provide apprentices with careers in the City of London and this new scheme builds on that success. The government's focus on prioritising the creation of more apprenticeships is key to giving young people a great future and increasing opportunity for all, and we are delighted to be involved."

CHAMPIONING THE UK'S MOST INSPIRATIONAL SMES



Market Open Ceremony with Business Secretary, Vince Cable MP and participating company CEOs

The 1000 Companies to Inspire Britain report, now in its third year (2016), aims to identify, highlight and champion the 1,000 leading small and medium-sized companies in the UK. It forms a key part of LSEG's strategy of highlighting the vital role that SMEs play in the UK economy and the importance of funding these companies properly.

To produce this original LSEG idea, we worked with independent researchers, DueDil, itself a leading UK SME, to develop the methodology and launched the report alongside the leading business voices in the UK, providing the highlighted companies with exposure and publicity.

195,000

website hits on: www.1000Companies.com

Pillar 1 – Our Markets continued

Green Exchange-Traded Funds (ETFs)

LSEG actively encourages responsible investment by both institutional and private investors, by providing a framework for listing ETFs that track socially responsible and environmentally friendly indices. There are currently 10 socially responsible or environmentally friendly ETFs listed on London Stock Exchange and 9 on Borsa Italiana.

860 ETFs

and 404 ETPs (Exchange-Traded Products) listed on our London Market

10 of these are Green ETFs. Total turnover in 2015 for these ETFs was £194.1 million across 3,765 trades

703 ETFs

and 298 ETPs listed on our Italian Market

9 of these are Green ETFs. Total turnover in 2015 for these ETFs was £138.6 million across 11,119 trades

Charity Bonds Waiver Scheme



Hightown Housing Association opened the market to celebrate the launch of their retail charity bond

In June, London Stock Exchange waived admission fees for charity bonds that list on its Order book for Retail Bonds (ORB). A new issuing platform for charities, Retail Charity Bonds, was launched in July 2014 on a dedicated segment of ORB. An initiative of Allia, a UK charity and social investment specialist, in association with Canaccord Genuity, the platform helps provide established UK charities with affordable access to the retail bond market. Since launching the platform London Stock Exchange has welcomed 2 retail charity bonds raising £38 million, Golden Lane Housing in July 2014 and Hightown Praetorian & Churches Housing Association in May 2015.

Green Bonds

London Stock Exchange has launched a range of new segments on their fixed income markets dedicated to the issuance of green bonds. The new segments provide issuers with a full suite of solutions to support green bond issuance, offering the choice of a range of listed markets and trading models, spanning both Regulated Market and MTF, for both retail and wholesale investors. Designed to meet the needs of all green bond issuers, trading models include continuous on-screen market maker quoting, end-of-day pricing and OTC-style trade reporting.

There are currently 25 green bonds listed on London Stock Exchange's markets, raising US\$4.5 billion in 6 different currencies, with 14 green bonds listed on the dedicated segments and 8 new green bonds listed in 2015.

LONDON STOCK EXCHANGE 'GREEN BOND' MILESTONES

- Dec 2009: First green bond listed by World Bank on London Stock Exchange's markets
- Mar 2014: International Finance Corporation (IFC) issues the first Renminbi-denominated green bond, raising RMB 500 million. This set the precedent as the first green bond issued by a multilateral institution in the offshore Chinese markets
- May 2014: LSEG joins UN's Sustainable Stock Exchanges (SSE) initiative
- Apr 2015: Transport for London lists its debut green bond, raising £400 million, to improve sustainability of London transport network
- Jun 2015: London Stock Exchange expands their range of dedicated green bond segments to offer increased flexibility for issuers
- Aug 2015: IFC issues the first offshore Indian Rupee-denominated green bond, raising INR 3.15 billion
- Oct 2015: Agricultural Bank of China lists a US\$1 billion triple tranche, dual currency green bond, the largest green issue on London Stock Exchange's markets
- Nov 2015: London Stock Exchange becomes an Observer to the internationally recognised Green Bond Principles guidelines provided by ICMA

Our Services

enabling investors to make
informed and sustainable
investment decisions.



Pillar 2 – Our Services

“Our services manage risk and enable investors to make informed and sustainable investment decisions.”

Mark Makepeace

Group Director of Information Services

The Group provides critical infrastructure services that support and enable sustainable growth, from preventing market failures to responsible investment solutions and international knowledge sharing, through an Open Access approach that underpins all our operations.

Our services aim to help investors and market participants make informed and sustainable investment decisions and execute them efficiently, safely and cost effectively.

Impact areas

3. DISCLOSE

We will provide investors with information and tools to assess the ESG performance of companies to enable incorporation into engagement and investment.

4. MANAGE RISK

We will manage risks and improve efficiency of trading and clearing through our markets.

Materiality

3. There is increasing appreciation from investors globally that ESG factors are relevant and can impact long-term investment returns. We identify this directly through our relations with clients, asset owners, banks and consultants, and also through the many collaborative industry initiatives in which we are an active member including the Sustainable Investment Forums, the UN PRI and the UN Sustainable Stock Exchanges Initiative.

4. These factors are of high interest to regulators, as reflected in regulation such as MiFID II and EMIR (European Market Infrastructure Regulation), and to IOSCO (International Organisation of Security Commissions) and the Financial Stability Board.

DISCLOSE

Environmental, Social and Governance (ESG) Services

Over 20 leading stock and derivative exchanges around the world have selected FTSE Russell to calculate their domestic indices. Given the significant increase in the number of institutional investors wanting to integrate ESG considerations into their investments, there is a need for tools, data and indices across different markets around the world. FTSE Russell is applying its expertise and next-generation globally consistent ESG model to support a range of exchange partners.

FTSE Russell/Johannesburg Stock Exchange Responsible Investment Series



Market Open in Johannesburg to celebrate the launch of the FTSE/JSE Responsible Investment Series

On 12 October 2015 FTSE Russell and Johannesburg Stock Exchange launched a new FTSE/JSE Responsible Investment Series. The index series will comprise the FTSE/JSE Responsible Investment Benchmark and a Top 30 Index, containing the top 30 companies as ranked by the FTSE ESG Ratings.

For further details of FTSE Russell's Environmental, Social and Governance (ESG) and Low Carbon Economy (LCE) Services please see the website:

www.ftse.com/products/ndexmenu?scrollToSection=ESG

www.ftse.com/products/indices/F4G-ESG-Ratings

FTSE4Good Bursa Malaysia

At the December 2015 review of the FTSE4Good Bursa Malaysia Index, 1 year after its original launch, there was a 40% increase in the number of companies meeting the ESG standards to be included in the index. This was a strategic objective of Bursa Malaysia and followed a 2015 programme of workshops and corporate dialogue conducted by FTSE Russell to encourage improved ESG disclosure and practices from local listed companies.

40% (24 → 35)

increase in constituents meeting the ESG standards to be included in the FTSE4Good Bursa Malaysia Index

Pillar 2 – Our Services continued

IOSCO Principles

In December 2014, FTSE and Russell Indexes combined to form FTSE Russell. Throughout their respective histories, FTSE and Russell have established reputations for transparent, robust, rules-driven index construction methodologies and have been committed to leading global best practice standards in index governance.

In line with this philosophy, in July 2015 FTSE Russell issued a Statement of Compliance with respect to the recommendations made by the IOSCO in the Principles for Financial Benchmarks Final Report (the IOSCO Principles). Independent assurance of the assertions by FTSE Russell in its Statement of Compliance has been received from KPMG LLP. The current version is published on the FTSE Russell website: www.ftse.com/products/getdocument?product=IOSCO.

FTSE Russell fully embraces the IOSCO Principles and endorses IOSCO's objective of addressing conflicts of interest in the benchmark-setting process, enhancing the reliability of benchmark determinations, and promoting transparency and openness.

United Nations: Sustainable Stock Exchanges Initiative



The Principles for Responsible Investment (PRI) annual global conference

LSEG hosted a Market Open event firstly to launch the Sustainable Stock Exchanges (SSE) Model ESG Reporting Guidance and secondly to launch and welcome the Principles for Responsible Investment (PRI) annual global conference to London. This was considered to be the largest global ESG/Responsible Investment industry event ever held, with over 1,000 investment professionals descending on London to discuss how to integrate environmental, social and governance factors into their investment processes.

SSE Initiative developments across 2015

In September, London Stock Exchange hosted the launch of the SSE Initiative's Model Guidance on ESG Reporting. This was a product of 9 months of development directed by the SSE Model Guidance Advisory Group which was chaired by LSEG representative David Harris, ESG Director at FTSE Russell. The objective of the Model Guidance is to provide exchanges with a globally consistent base to start from as they work to create their own, locally customised, voluntary guidance to help their issuers meet investors' need for ESG information.

Aviva Investors and Corporate Knights provide an annual benchmarking report that compares the quality of ESG reporting by issuers across 45 different exchanges. LSE over the last 3 years has moved from 11th to 5th position in 2015 and is the highest ranking for any of the larger exchanges. However Borsa Italiana has dropped over the last 3 years from 13th position to 30th. This apparently is due to low disclosure growth and lower timeliness of reporting.

Following the launch of the Guidance, LSEG made the following commitment: "We intend to use the SSE Model Guidance as a basis for discussions with both investors and issuers in order to determine our own guidance, which we expect to produce by the end of next year. This will be an important 2016 project for the Group and will in particular involve close collaboration between Information Services and Capital Markets with involvement of FTSE Russell, London Stock Exchange and Borsa Italiana."

BACKGROUND TO THE SSE INITIATIVE



David Harris, ESG Director at FTSE Russell, representing LSEG at the UN

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 40 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 their exchanges.

Pillar 2 – Our Services continued

GROW

Continued knowledge-sharing schemes to develop emerging markets' financial capabilities



The Lord Mayor presents training certificates at Mansion House

As part of LSEG Academy's work in support of emerging markets, this year it delivered a 5 day capacity building programme "A Masterclass in Financial Markets" for a delegation from the Mozambique Stock Exchange (BVM).

The training was sponsored by the Mansion House Scholarship Scheme operated by the Lord Mayor of the City of London and was aimed at equipping the delegation with the knowledge, skills and best practices to support the development of the Mozambique Stock Exchange and its markets.

It provided a comprehensive overview covering commercial and investment banking, foreign exchange, money and bond markets, stock markets and derivatives, and an up to date analysis of the global financial crisis and its ongoing impact.

It also provided an introduction to the main financial products and how they are used, including bonds, equities, futures and forwards, swaps and options.

The programme culminated in the presentation of certificates by the Lord Mayor at Mansion House.

6

representatives of the Mozambique Stock Exchange attended the LSEG capacity building programme

5+

Asian and African emerging markets benefitting from LSEG knowledge-sharing schemes

MANAGE RISK

Open Access



Mark Makepeace, Group Director of Information Services, LSEG & CEO FTSE Russell, with Edward Tilly, CEO of CBOE Holdings, following the signing of the licensing agreement

Open Access is the principle at the heart of free and fair markets.

We believe customers should have the ultimate choice in where they take their business. That's why we welcome the European Union's determination to introduce, via the MiFID II legislation, an Open Access model that gives derivatives market participants transparency, competition and better risk management. Regulators too have voiced their opinion, identifying fair and open access as an important foundation in the building of safe and efficient markets.

An open letter was sent to the chair of European Securities and Markets Authority (ESMA) in March 2015, signed by the CEOs of LSEG, LCH.Clearnet Group and ICAP Plc and the President of Nasdaq, setting out their support for the Open Access provisions in MiFID II.

Examples demonstrating our Open Access model across the business in 2015 include:

- Futures and options based on Turkey's keynote BIST 30 index were launched on London Stock Exchange Derivatives Market (LSEDM) following a partnership agreement, which was signed with Borsa Istanbul in January
- Chicago Board Options Exchange (CBOE) and CME Group separately signed licensing agreements with London Stock Exchange to develop options and futures based on FTSE Russell indices

Pillar 2 – Our Services continued

Post trade

Settlement savings through Monte Titoli and T2S

2015 saw the launch of Target2-Securities (T2S), a pan-European project run by the European Central Bank. Aiming to reduce settlement costs across Europe, the platform will allow optimisation and saving in the use of liquidity, providing a significant impact in terms of capital saving. Monte Titoli has been a strong supporter of this project since the beginning, becoming a “first wave” participant, with Italy the first country migrated to the new settlement platform.

Enhanced Compression Services

LCH.Clearnet’s business SwapClear has extended its blended-rate compression offering, giving it the potential to reduce notional outstanding of Forward Rate Agreements (FRAs) in SwapClear by up to 50% and number of trades outstanding by up to 70%. New capital pressures, introduced by regulators, are driving financial institutions to reduce their notional outstanding. The enhancement will lead to further capital and operational efficiencies for our members.

over US\$100 trillion

notional outstanding eliminated through LCH.Clearnet’s compression services, increasing market efficiency and reducing client risk

Portfolio Margining

Central Counterparties (CCPs) set margin requirements and call margin, typically calculated across a member’s portfolio, on a wide range of financial instruments to insure against a potential default. Launching in 2016, LCH Spider will offer portfolio margining for OTC and listed rates derivatives, encouraging better risk management and more efficient allocation of collateral to the greatest risks, while offering capital efficiencies to its clients. Operating on an Open Access basis, the service will be available to a range of venues which offer suitable interest rate derivatives.

LCH.CLEARNET “CLEARING HOUSE OF THE YEAR” JANUARY 2015



LCH.Clearnet accepting *Risk* magazine’s “Clearing House of the Year”

LCH.Clearnet was named *Risk* magazine’s “Clearing House of the Year” for the fourth time in January 2015, with the success of SwapClear’s compression service a key factor, providing the industry with considerable capital efficiencies. September saw Futures & Options World Asia also present their “Clearing House of the Year 2015” award to LCH.Clearnet, indicating the clearing house’s expanding global reach.

Our People
recruited and supported
on the basis of talent.

Drive our commercial
success through diverse



Pillar 3 – Our People

“Our colleagues are pivotal to helping grow our business. We recognise the key role they play by supporting their development.”

Tim Jones

Group Director of Human Resources

We rely on the critical skills and focus of our employees to deliver our strategy as well to bring our values of Integrity, Partnership, Innovation and Excellence to life. The main impact area in this space is:

Impact area

5. DEVELOP

We employ and invest in the development of a highly diverse global workforce to deliver on our sustainable vision.

Materiality

5. The relevance of this focus area for our industry positioning, our long-term success and our stakeholders is underscored by the feedback we have received from the sustainability raters we have engaged with (Dow Jones Sustainability Assessment, FTSE ESG, Sustainalytics, Corporate Knights and MSCI – please see the ‘Our external recognitions’ section for more information).

DEVELOP

Our Employees

Nurturing female talent at LSEG



Women Inspired Network hosted a Market Open ceremony with Pinky Lilani CBE DL to mark the annual Women of the Future Summit and Awards

This year, LSEG launched their global Women Inspired Network (WIN) to nurture female talent at all levels and across our global offices. WIN is working to inspire young girls in local schools, support our own employees from the graduate and apprentice programmes through to senior management and board level, and celebrate successful women from across the industry. It aspires to enhance our business and to assist female employees in developing their careers.

This academic year, WIN has partnered with a local school, the Mulberry School, to run a programme of talks and workshops for its students. Diane Côté, Chief Risk Officer, LSEG, spoke on a panel at Mulberry's Women's Conference, and other representatives from LSEG have visited the school for networking and discussion with the students.

With more than 180 members and growing, WIN has been launched in London, Milan, Paris and New York.

33

number of different countries represented by delegates at the Women of the Future Summit and Awards Market Open

Focusing on Employee Feedback

Following our first employee engagement survey “Have Your Say” in September 2014, we set out our intentions to turn the findings into plans and actions, to make a difference in how employees engage and enjoy their work.

All Divisions and Corporate Functions have formed engagement action planning teams. These groups looked closely at the themes for their areas, held action planning workshops earlier in the year and agreed upon a plan to make positive change. Regular monthly calls take place to assess progress and ensure momentum is retained.

At a Group level we decided to focus on 3 key priorities:

- Collaboration & Innovation
- People & Career Development
- Strategic Intent & Leadership

Rapid Result Teams provide a specific example of an initiative that directly resulted from the key priorities, in this case from Collaboration & Innovation.

RAPID RESULT TEAMS – FOLLOWING ON FROM “HAVE YOUR SAY”



Innovating for future growth – 60 individuals came together from every Division, Function and key location to focus on “How to double our profits organically by 2020”

In response to the “Have Your Say” survey, 60 colleagues came together in April to do some collaborative, blue-sky thinking on “How to double our profits organically by 2020”, looking for new ways forward for the Group. 4 focus areas were identified and each assigned a Rapid Result Team, a group of employees drawn from different functions and multiple geographies.

In November, a review was held with each Rapid Result Team presenting to 3 members of the Executive Committee, the original sponsors of the initiative. In each case, they authorised handover of the projects to the relevant business areas for implementation.

Pillar 3 – Our People continued

Recognising those who go the extra mile



The CEO Awards

The CEO Awards are a celebration of the values demonstrated by LSEG employees. Open to all employees across our global Group, the awards aim to recognise the contribution of colleagues who have gone over and above the call of duty.

There are 7 categories of award for employees, nominated by their colleagues. The winners will be the people judged to have best embodied the particular value described in the various categories reflecting our values of: Excellence, Integrity, Innovation and Partnership. At the end of the nomination period, more than 150 nominations had been received with winners to be announced in March 2016.

Each award winner will receive a commemorative trophy and a personal gift in acknowledgement of their achievement, as well as recognition from our Group CEO and LSEG's Executive Committee. Through LSEG Foundation, £1,000 will also be donated to the charity of their choice.

The Learning Exchange Improving colleagues' access to learning opportunities

In May, we launched The Learning Exchange – our first Group-wide online platform to support the development of employees. The platform provides access to a host of online learning materials (as well as online compliance modules) and, from 2016, will enable employees to view and book a range of internal courses. Over 3,000 colleagues have accessed the platform to date.

Across the year we have also developed and launched a range of internal development programmes focused on building colleagues' understanding of our business, as well as enhancing critical soft skills. Our curriculum of internal courses, both online and in person, will further expand in 2016.

In response to the findings of the "Have Your Say" survey, the Group is investing in enhancing the capabilities of our people managers across the Group. We have launched a programme (People Management Essentials) to support those stepping into the role of manager for the first time to ensure they are supported in transitioning successfully into their newly expanded role. Over 50 colleagues have participated in the UK, Sri Lanka and Italy so far, with further global deliveries scheduled for 2016. We will also launch a development programme for our more tenured managers from Q1 2016.

£2.1 million

total spend on training across the Group in 2015

LSEG Employment Schemes

Graduate, Internship and Apprenticeship schemes



Apprentices from the Gateway to the City programme open the Market

In addition to Graduate Programmes in Russia and Sri Lanka, LSEG offers an international Graduate Programme, under which 20 graduates joined the Group in September 2015. The intake was divided between Business and Technology streams. The programme is looking to grow in 2016, increasing the number of entrants.

For the Summer Internship Programme, 14 interns joined us for 9 weeks, with all being offered the opportunity to re-join the Group as graduates in 2016. Through the scheme, the interns conducted a project on new charitable partnership considerations and made recommendations to the CSR committee.

4 apprentices were recruited through the "Gateway to the City" programme in 2015, 2 of whom were offered longer-term roles.

Pillar 3 – Our People continued

Rewards and Sharesave

The Group's reward strategy focuses on both the short term, through an annual bonus scheme linked to our global performance management approach, and on the Group's medium-term performance, through share schemes aimed at senior management and all staff.

The Long Term Incentive Plan, details of which can be found in the Group's Annual Report, aligns the performance and reward of our senior management team with long-term performance of the Group.

Our employee share ownership scheme – Sharesave – is available to all permanent London Stock Exchange Group employees across France, Hong Kong, Italy, Sri Lanka, the UK and the US. Colleagues can save up to £500 or equivalent per month – with the option, after 3 years, of using their accumulated sum to buy LSEG shares.

During 2015 over 400 employees benefited from the first Sharesave maturity in our current programme. These included, for the first time, over 100 Sri Lankan employees.

The most recent opportunity to join Sharesave closed on 27 April 2015 and saw a further increase in the number of colleagues signing up. The scheme, which gives participants the opportunity to benefit from LSEG share price growth, has maintained in excess of 50% employee take-up, a milestone first achieved last year, with levels of participation consistent across pay level and regions.

This level of participation shows that support for the Group's strategy remains strong, presenting staff involved in the scheme with an extra incentive to commit effort and time – and to inspire others to do the same.

Health and Safety

LSEG's operations remain low risk from a health and safety (H&S) perspective; however, the assurance of a healthy and safe workplace continues to be a high priority. In accordance with the Group H&S Policy, it is managed at a local level in each country while governance is managed through the H&S Forum. This Forum is a cross-entity stakeholder group responsible for ensuring that arrangements reflect the requirements of the policy, and that appropriate systems are in place to enable a common approach to implementation and reporting.

A new H&S Framework has been developed to provide clear guidance on operational requirements, regardless of the scale, type or location of our offices. We are also developing a self-audit process that will allow us to proactively manage both risk and compliance-related activity. As we continue to develop systems and processes we will use our established management structure, together with nominated individuals within each entity, to ensure that we achieve consistency of approach as well as geographic coverage.

The priorities for 2016 are to continue standardising our approach to H&S risk across the expanding Group. Compliance will be measured against Group standards throughout the year.

People based KPIs

On 31 December 2015, the Group employed 5,245 employees. This was up 13% from the end of the previous reporting period. On an organic basis, excluding the impact of the acquisitions, we can report on the following KPIs:

People base indicators (as of 31 December)	2014 (9 months to December)	
	2015	
New hires	1,010	346
Voluntary turnover	9.9%	8.0%
% permanent contracts	96%	95%
% fixed-term contracts	4%	5%

Employees with fixed-term contracts have access to the same or equivalent development opportunities and benefits as those with permanent full-time or part-time contracts.

Living Wage accreditation



LSEG was recognised as a London Living Wage employer by the Living Wage Foundation, as all its UK based employees and contractors receive a salary at or above the level recommended by the Living Wage Foundation for London.

Our Communities

we are helping young
people develop the skills
to drive positive change
for themselves and those
around them.



Pillar 4 – Our Communities

“We aim to support the communities worldwide where we operate, to make a positive impact from a business, social and environmental perspective.”

David Lester

Chief Strategy Officer

As our global presence grows, we continue to engage with the increasing number of communities where we operate, aiming to make a positive impact from a business, social and environmental perspective.

Impact area

6. SUSTAIN

We will support communities worldwide, helping less-advantaged young people develop business skills, while taking care of the environment.

Materiality

6. The relevance of these issues for our stakeholders is supported by feedback from investors, the charities with whom we regularly engage and sustainability rating agencies. Our employees have a key role in shaping the agenda and delivering our programme, through their active engagement in our charitable activities and environmental campaigns, and in their capacity as shareholders (for the levels of staff involvement in our employee ownership scheme, please see the “Our People” section).

SUSTAIN

Philanthropy Working Group

The Philanthropy Working Group (PWG) ensures staff engagement in our charity programme. It is responsible for:

- developing and implementing the framework for philanthropic activity across LSEG
- coordinating the work of the charity representatives in each geography
- presenting proposals for charitable funding to LSEG Foundation

Community projects

Through the establishment of the PWG in 2015, the Group’s charitable activities are more closely aligned to our corporate values, supporting programmes that make a direct, positive and measurable impact on the communities most relevant to our business. The key geographies in which LSEG works are represented by individual members of the PWG, providing a focal point for local projects.



LSEG’s Touch Rugby Tournament, raising £54,000 for charity

Community projects in the UK

Touch Rugby Tournament

June saw LSEG organise a charity mixed Touch Rugby Tournament in partnership with the Rugby Football Union (RFU) hosted at Allianz Park. With over 200 attendees, the event raised more than £54,000 for LSEG Foundation and All Schools, an initiative to increase rugby participation in schools. On 11 May 2016, the second charity Touch Rugby Tournament will take place at the Honourable Artillery Company (HAC) at the heart of the City in Moorgate: www.lseg.com/rugby2016.

Today a reader, tomorrow a leader

“Reading Buddies” is a London-based LSEG outreach programme that supports the development of reading skills in young people, helping to raise students’ aspirations. Through the Tower Hamlets Education Business Partners, the scheme partners LSEG employees and pupils, so that once a week pupils benefit from one-on-one tuition to raise their reading level.

LSEG partners with Our Lady & St Joseph’s Catholic primary school in Tower Hamlets and this year is working with Year 5 pupils.



Pupils in the “Reading Buddies” scheme attend the Market Open for the Charity Trading Day

Young people learn business and beekeeping from LSEG’s roof

Through collaboration with the Golden Company, paid work experience was offered to 37 young people from East London who visited the LSEG building near St Pauls to support the rooftop bee hives, accompanied by LSEG employees. The participants completed a business and beekeeping course, carrying out paid shifts while learning about how the Stock Exchange works. Following the scheme, the young people reported improved confidence and skills in communication.

Supporting the regeneration of East London

East London Business Alliance (ELBA), with over 100 member organisations, facilitates businesses in supporting the regeneration of East London. They bring the time, skills and expertise of corporate volunteers to their many community partners, tackling key issues in the heart of the community, in local charities, in schools and universities and in the employment market.



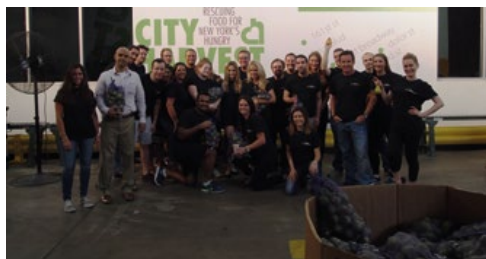
Young people learn about beekeeping with the Golden Company

Pillar 4 – Our Communities continued

FTSE Russell has been an ELBA member for nearly 10 years, with employees involved as reading and numeracy volunteers with a primary school in Canning Town. A team of staff take it in turns to visit the school each week. In the last year ELBA has placed 2 FTSE Russell volunteers as board members of a local youth charity and had volunteers involved in university mentoring.

Community projects in the US City Harvest Repack

Nearly 30 employees across LSEG packed 13,000 pounds of pears into smaller, family sized portions for distribution to New Yorkers in need. Each year City Harvest collects 55 million pounds of excess food from restaurants, grocers, bakeries, manufacturers and farms, and delivers it to the hungry via 500 soup kitchens and food pantries across New York city's 5 boroughs.



LSEG employees packed 13,000 pounds of pears to be distributed to hungry New Yorkers

Scholars for Educational Opportunity (SEO)

SEO programmes provide educational and career programmes to young people from under-served and underrepresented communities to maximise their opportunities for further education and career success. This year LSEG provided the opportunity for 4 SEO college students to shadow LSEG employees, followed by an informative lunch session.

Winter Wishes

The Winter Wishes programme is organised by New York Cares to grant holiday gift wishes for disadvantaged children, teens and families, many of whom would not otherwise receive gifts. 80 employees across the LSEG offices in New York participated in Winter Wishes by purchasing and wrapping gifts for nearly 100 children and families. Wrapping parties were hosted at LCH and FTSE Russell offices to ensure that all gifts were purchased, wrapped and delivered.

Wall Street Run & Heart Walk

More than 40 LSEG employees participated in the race, which benefitted the American Heart Association – an organisation dedicated to defeating heart disease, stroke and other cardiovascular diseases. The event raised US\$2.5 million overall, with the LCH.Clearnet CR team donating more than US\$3,000.

Community projects in Italy A 5 star apprenticeship scheme

In 2015, LSEG Foundation and Borsa Italiana teamed up with the corporate foundations of Allianz and Adecco to deliver a summer apprenticeship scheme open to disadvantaged young people from across Italy, providing vocational training at luxury hotels and resorts over the summer. The selection process was run by Borsa Italiana, Adecco and Allianz HR teams with the 26 apprentices funded entirely by LSEG Foundation.

The apprentices had the opportunity to experience roles such as waiters, concierges and cooks, building their CVs. 2 apprentices were immediately hired by the resorts they worked for, while the rest went on to study for their professional certificates.

Borsa Italiana: Finance for Fine Arts

Borsa Italiana has continued to develop an initiative to sustain Italian artistic heritage. With the belief that culture

is a pivotal driver for the economic growth of Italy, in May a second edition of the "Rivelazioni (Revelations) – Finance for Fine Arts" project was launched. This gathers resources for the restoration and digitalisation of works of art stored by Gallerie dell'Accademia in Venice.

Another initiative was the "Young Enterprise Award – Believing in the Future", supported by a collaboration between L'Uomo Vogue, Maserati and Borsa Italiana, offering a mentorship programme for young companies aimed towards maintaining the Made in Italy brand.

Preparing young women for business

Charity "Il Laboratorio Onlus" teaches disadvantaged women from the Milan area arts and crafts to facilitate their integration in society and prepare them for employment. Thanks to a grant from LSEG Foundation, in agreement with the City of Milan, the charity has offered apprenticeships to 5 women with social and mental disadvantages. It is now providing them with professional training in cutting and sewing.

Offering accommodation for hospital attendees in Milan

Assoc CasAmica Onlus is an established charity that offers hospitality to ill people and their relatives who need to attend the hospitals of Milan but can't afford any accommodation in the city. CasAmica Onlus manages 4 houses, open 365 days/year, hosting more than 3,900 guests every year. LSEG Foundation made a donation of €20,810 to support this cause.

Support for ALS carers

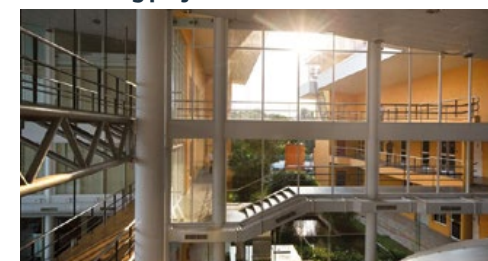
Tigullio4friends is an association that aims to help families that have a relative with amyotrophic lateral sclerosis (ALS). The association has released a Christmas album which will help raise funds for financing training courses for carers who look after people with ALS. LSEG Foundation donated €5,000 to assist the association.

Community projects in France

Make a Wish in France

In 2015, LCH.Clearnet in France funded 1 wish for "Make a Wish", while an employee began to provide support for the charity on a regular basis.

Community projects in Sri Lanka



MillenniumIT Headquarters in Sri Lanka

Through MillenniumIT's expertise in technology, volunteers have created teaching content for IT syllabus development. Teacher training workshops in collaboration with the Ministry of Education will take place in 2016.

A volunteer task force has built a technology platform to connect NGOs and the Government with the corporate sector with the aim of undertaking development projects.

6 workshops on gender awareness for university students were run across the year, funded by LSEG Foundation, with topics ranging from patriarchy and gender roles to sex education.

MillenniumIT staff came together to donate approximately LKR600,000 towards hampers for a cancer hospital programme.

Pillar 4 – Our Communities continued

LSEG Foundation and UNICEF. Together, preparing young people for business.



UNICEF/UNI119058/Nesbitt

Building on the 18-year partnership between FTSE and UNICEF, in 2015 LSEG Foundation appointed UNICEF as LSEG's global partner charity for 3 years, for an overall commitment of £1.5 million. The partnership covers a contribution to a community investment programme (£400,000 per year) and a contribution to UNICEF's Children's Emergency Fund (£100,000), which aims to provide relief in case of global emergencies.

For the identification of the community investment programme, LSEG staff were asked to vote for 1 of 3 projects put forward by UNICEF, all focusing on the development of business skills in African countries targeting particularly vulnerable segments of the population. LSEG staff selected a programme taking place in Zambia aiming to provide young women with the business skills they need to gain economic independence. LSEG Foundation is the only funder of this initiative.

ZAMBIAN GIRLS 2030

More than half of Zambia's population is under the age of 20 and the lack of skills among young people continues to be a challenge that the education system struggles to address.

Despite recent gains in primary school enrolment, girls are more likely to drop out before completing their secondary education. Young girls and women with low knowledge and skills are left with few options for professional advancement or for independent economic empowerment.

In carrying out the Zambia Programme, UNICEF will work closely with the Government of Zambia towards their Vision 2030 goals by endeavouring to implement 3 key interventions:

- Career and Skills Clubs offering career counselling, financial literacy, entrepreneurship and business skills
- Career and Skills Camps, providing training to help prepare girls for the workplace
- Career Internship Programme that matches girls with short-term corporate opportunities, particularly in industries with traditionally low female entry

Aspiring to achieve the following outcomes over 2016–2018:

- Enrol 11,200 girls in Career and Skills Clubs at school
- Support 800 of these girls to participate in Career and Skills Camps
- Enrol 300 girls in the Career Internship programme

Partnership with Ellen MacArthur Cancer Trust



Ellen MacArthur addresses attendees following the Charity Trading Day Market Open

LCH.Clearnet has supported the Ellen MacArthur Cancer Trust (EMCT) as the company's principal charity since 2012. Founded by the world renowned sailor Dame Ellen MacArthur, the Trust helps to increase the confidence of young people in recovery from cancer by taking them sailing. In addition to corporate donations, London Stock Exchange employees have held several fundraising events on behalf of EMCT, including participating in the Great South Run, raising in excess of £5,900. A number of employees have volunteered on EMCT sailing days in the Solent.

LSEG Foundation

In 2010, LSEG established their Foundation to be a single channel for the Group's charitable giving and a focal point for staff engagement with local charities.

The Foundation is a grant-making charitable body, focusing on projects that help young and disadvantaged people to reach their full potential by developing life skills and business enterprise. In 2015, LSEG Foundation's approach and positioning was reviewed to further align it with the overall Group CR strategy, also recognising the global reach of LSEG's business model.

LSEG Foundation's focus on the development of life and business skills was enhanced, placing particular attention on entrepreneurship, and their scope was extended from the communities in which the Group has a significant number of employees, to disadvantaged communities globally. To underscore this wider remit, in 2015 the Group established a global partnership with UNICEF. The community investment programme supported by LSEG Foundation for 3 years will focus on the development of business skills with teenage girls in Zambia.

Charitable Giving

For 2015, the Group donated £2,154,000 (including Frank Russell Company's donations). This was a 7% increase compared to the prorated amount for 2014.

The donations for 2015 are equivalent to £479 per employee (including Russell). This is 24% higher than the prorated benchmark calculated by the London Benchmarking Group, which showed that the average amount donated per employee by leading corporate donors was £387 in 2015.

LSEG Charitable giving (£)	2015	2014 (prorated)
Donated directly to charities (mainly from FTSE Russell and LCH.Clearnet)	1,074,000	825,000
Donated to LSEG Foundation	1,080,000	1,190,000
Total	2,154,000	2,015,000

LSEG Foundation has 4 principal sources of funding:

- Employees make donations and organise fundraising events. This year's fundraising initiatives included the first edition of a charitable Touch Rugby Tournament
- The Group donates the equivalent of all equity trading fees raised on London Stock Exchange, Turquoise and Borsa Italiana during their annual charity trading day. The fifth Charity Trading Day was held on 17 November 2015, raising £452,000
- Corporate charitable donations from other companies in the Group complete the Foundation's donation pool
- It receives money through fines levied by the Group

Community investment

Based on the London Benchmarking Group methodology, we report both our cash donations and other factors that reflect our overall engagement with our communities. In particular, we have identified 2 additional elements connected to managing our charitable programmes:

- In-kind donations: free venue hire for charities at our premises in the UK and Italy
- Management costs: the cost of time of the managers involved in our Board of Trustees, charity committees across the Group, our Foundation's programme office and the corporate functions that support staff engagement programmes

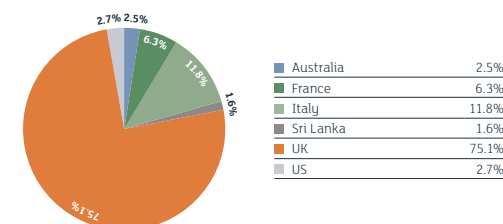
Types of community investment (£)	2015	2014 (prorated)
Cash donations	2,154,000	2,015,000
In-kind donations	131,000	82,000
Management costs	219,000	128,000
Total community investment	2,504,000	2,225,000

Making an impact in the communities where we operate

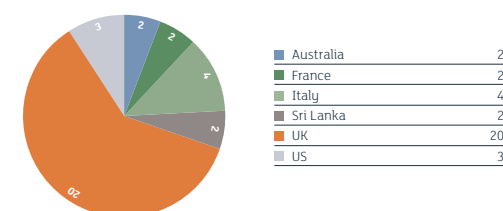
Over the course of 2015, LSEG Foundation approved one-off donations to 33 charities across Australia, France, Italy, Sri Lanka, the UK and US. With the donations to the global partner charity and the regional partner charity in the UK, approved donations totalled £835,000.


Statistics on charities and beneficiaries supported by LSEG Foundation

Donation breakdown by geography one-off grants and regional partner charities



Number of grants approved by geography





Part 3:

Our Overall CR
Performance

Methodology overview

“The last year has seen huge momentum across capital markets for the integration of ESG data into investment processes. This places increased importance on the availability, consistency and reliability of the information provided by companies. The Financial Stability Board (FSB) Task Force on Climate disclosure is a clear example of this need. LSEG will continue to support the drive to align standards globally, for the benefit of investors and companies. Our own reporting must also be in line with the standards we advocate.”

David Harris
Director, FTSE ESG

Increasingly, many investors, including our shareholders, are explicitly considering environmental, social and governance practices and performance within their investment process.

Through our influence as a key infrastructure provider in the financial sector we have a responsibility to promote high ESG standards to the businesses listed on our markets. Promoting the alignment of standards, reporting ESG data that is reliable, consistent and comparable across the industry, can provide efficiencies and transparency to investors, supporting a more stable and better operating market.

As set out on page 17 we are developing guidance for companies globally on best practice ESG reporting based on globally recognised standards and we need to reflect that in our own reporting.

Throughout the year we reach out to assess a wide range of recommendations and guidelines, provided by external bodies and use these to form our ESG principles.

In reporting on our ESG performance we draw from a range of international frameworks and standards, many of which inter-relate. Key sources include:

- FTSE Russell's ESG methodology (based itself on other leading global standards)
- GRI Sustainability Reporting Guidelines
- Sustainability Accounting Standards Board indicators
- Carbon Disclosure Project
- UN's Sustainable Stock Exchanges Initiative

Through materiality reviews, we identify the most relevant standards to adopt for LSEG. This year is the first in which we have mapped our disclosures against the G4 Sustainability Reporting Guidelines published by the GRI.

The table summarising our governance disclosure mapped to GRI G4 indicators is available on our website at: www.lseg.com/about-london-stock-exchange-group/corporate-responsibility.

As we expand as a Group, we have made numerous acquisitions and set up joint ownership initiatives. Through our integration process we align our values and incorporate them into our ESG reporting mechanisms. Acquisitions and Group companies where we have under 100% ownership add complexity to reporting ESG data and in the relevant sections we have set out how we have calculated Group-wide data.

The following sections outline a set of indicators, divided across Environmental, Social and Governance areas. As LSEG's CR policy evolves further, specific ESG KPIs will be established allowing wider target setting and performance evaluation.

Methodology overview continued

Our external recognition: Environmental, Social and Governance (ESG) Ratings

The Group's ESG practices are measured and assessed by a variety of assessment and index providers. Due to strong ESG assessments, LSEG is included in a number of sustainability indices. These assessments provide useful input to benchmark against global best practices and to plan for improvements in our sustainability approach.

FTSE Russell ESG assessment

The FTSE4Good Index Series is designed to identify companies that meet globally recognised ESG standards. During 2014, a revised methodology was implemented for the FTSE ESG Ratings, which are used to determine inclusion in the FTSE4Good Index Series. LSEG has been assessed according to the FTSE4Good criteria, and again satisfied the requirements to be a constituent of the FTSE4Good Index Series. This was confirmed at the December 2015 review.

At the December 2015 review, the Group recorded a deterioration of their FTSE ESG rating, moving from 4.2 (out of 5) in 2014 to 3.8 in 2015. This change was due in part to changes in our business mix following the acquisition of a fund manager, which meant new indicators and methodology was applied to us. An analysis of our score is shown in the table to the right. The Group is still ranked in the 99th percentile among financial services companies.



FTSE ESG Rating

ESG Rating Absolute Score (5 – Highest)	3.8
ESG Rating ICB Supersector Relative Percentile Score (100 – Highest)	99

ESG Pillars

Pillar	Exposure (3–Highest)	Pillar Score (5–Highest)
Environmental	1.0	5.0
Social	2.0	3.2
Governance	2.3	3.9

LSEG FTSE4Good ESG Ratings Assessment in December 2015

Dow Jones Sustainability assessment

The overall score for the Group has improved, moving from the 73rd percentile in 2013 to the 84th percentile in 2014. In 2015 we ranked in the 81st percentile, thus confirming our inclusion in the Dow Jones Sustainability Index Europe. The Group ranks in the top quartile on all dimensions (Economic, Environmental and Social).

MEMBER OF

Dow Jones Sustainability Indices

In Collaboration with RobecoSAM

	Company Score	Percentile Ranking
Total Sustainability Score	61	80
Economic Dimension	68	76
Environmental Dimension	73	91
Social Dimensions	46	76

The Dow Jones Sustainability rating of LSEG

Environmental Management Group

The Environmental Management Group (EMG) focuses on minimising our environmental impacts, coordinating the Group's environmental programme across all the Group's locations. Please see the Environment section of this report, starting on page 32, for more information on the Group's environmental targets and progress against them.

Environment

LSEG is committed to utilising resources in ways that ensure the long-term sustainability and profitability of the business and that benefit the environment.

The Group's direct environmental impacts arise from our offices and data centres around the world, from staff travel and, indirectly, from our supply chain. We are aware of the risks and opportunities of climate change for our business and our clients, and the need to adapt our operations to prepare for and take advantage of these.

We have global offices hosting 5,245 employees. We also have global data centres, supporting the technology infrastructure of our markets and those of our clients. The reporting period was the Group's second year of setting and reporting against environmental targets and we not only achieved our aims for 2015, but also exceeded our 2020 targets in a number of areas. Our progress is outlined on the following pages.

Managing our environmental impact

Our Environmental Management Group (EMG) guides the Group's environmental strategy taking an active approach to greenhouse gas (GHG) emissions management, including setting Group-wide targets and identifying efficiency opportunities. The EMG reports performance quarterly via our Intranet and annually discloses verified emissions on our website, in our CR and Annual Reports, and in response to CDP.

The EMG is responsible for managing and continually seeking to improve our environmental performance, including:

- Increasing efficiency and reducing consumption in areas including energy, water and paper usage, waste management and business travel
- Ensuring that environmental considerations are incorporated in the Group's purchasing policy and procurement decisions, including new developments, projects and materials
- Engaging with clients, suppliers and community partners to promote environmental best practice

David Warren, the Group's CFO, reports to the Board on environmental issues.

Group reporting boundaries

LSEG uses the "Operational Control" boundary for their GHG and environmental reporting. An organisation has operational control if it has, or its subsidiaries have, the full authority to introduce and implement its operating policies, including health, safety and environmental policies, within the operation.

This approach accounts for 100% of emissions from facilities, operations and vehicles (whether leased or owned) over which LSEG has operational control.

The operational control approach is most reflective of our overall business operations.

Russell Investments has fallen within LSEG's boundary during the reporting period; however, as LSEG has also been actively negotiating a sale for this part of the business, Russell Investments GHG emissions are reported as a separate line item based on FTE extrapolation, and are not included in emissions verification.

The tables on the following pages summarise our relevant environmental disclosure based on CDP, GRI and FTSE ESG indicators.

HIGHLIGHTS

2nd

consecutive year in the CDP Carbon Disclosure Leadership Index

-14%

reduction in our overall carbon footprint per FTE

100%

increase in video conferencing

-10%

reduction in data centre energy and water consumption

-24%

reduction in office space energy consumption

-18%

reduction in waste produced (99.66% landfill avoidance)

Environment continued

OVERALL PERFORMANCE

During the reporting period, we achieved a 14% reduction in our overall Carbon Emissions per FTE. This significant reduction is attributed to FTSE employees moving from Canary Wharf to Paternoster Square offices, as well as the inclusion of Russell Indexes operations, which have a low carbon footprint. Data Centre energy and water consumption both reduced 10% per Occupied Cabinet. Office water consumption reduced by 15% per FTE and waste production was down 4% per FTE. Significant changes in our approach to air travel saw a reduction of 2% per FTE, with use of video conferencing across the Group more than doubling.

We are also making strong progress against our 2020 targets. Due primarily to office consolidations we have achieved the overall target of a 20% reduction in tCO₂e per £m Revenue and per FTE (against a 2013 baseline), and a 20% reduction in total waste produced.

2020 Target: Reduce tCO₂e by 20% per £m Revenue and per FTE
Progress against 2020 Target: -21.74% per £m Revenue and -22.27% per FTE

Disclosure	Indicator	Unit	2015 tCO ₂ e	2014 tCO ₂ e	% Change	Performance against 2015 Target		
						Target		Actual
Carbon Footprint (tCO ₂ e)	Total Group Carbon Footprint		31,777	31,702	0.24%			
	per m ²		0.388	0.371	4.63%			
	per FTE		7.17	8.34	-13.99%			
	per £m Revenue		22.40	24.54	-8.70%			
	Scope 1		1,173	1,284	-8.64%			
	Scope 2 – Market Based		22,716	23,362	-2.77%			
	Scope 2 – Location Based		24,344	24,895	-2.21%			
	Scope 3 (Electricity Transmission & Distribution)		6,336	5,305	19.43%			
			1,552	1,751	-11.36%			
	Data Centres		16,189	15,698	3.13%			
	Offices		7,902	8,786	-10.06%			
	Tenants		1,675	2,194	-23.66%			
	Russell Investments		14,100	n/a				
Fugitive Emissions	Emissions from Aircon & Refrigeration		127.7	19.8	545.93%			

2016 TARGETS

2016 TARGETS

Although the specific 2020 targets for data centres and air travel (which are the largest contributors to our carbon footprint) have not yet been achieved, we are making strong progress against each.

We will continue to focus on these 2 areas of the business during 2016, with further efficiency improvements in the data centres. We have set ongoing targets in all of our impact areas including a new paper consumption target, and will look to set new long-term science-based targets in 2016.

Carbon Emissions ↓ -2% (tCO ₂ e/FTE/£m Revenue)		
Data Centre Energy Use (tCO ₂ e/occupied cabinet £m Revenue) ↓ -2%	Office Energy Use (tCO ₂ e/FTE) ↓ -2%	
Business Travel Carbon (tCO ₂ e/£m Revenue) ↓ -2%	Video Conferencing (Total call minutes) ↑ 20%	
Other Environmental Impacts		
Waste Production (tonnes/FTE) ↓ -5%	Water Consumption (m ³ /FTE) ↓ -2%	Paper Consumption (tonnes/FTE) ↓ -5%

Environment continued

DATA CENTRES

Data centre energy is the largest contributor to the Group carbon footprint, and over the last 3 years we have taken significant steps to reduce this impact. From our £9 million data centre upgrade, which completed in 2014, to cold aisle containment upgrades in 2014 and 2015, we are making progress towards our 2020 target.

2020 Target: Reduce tCO₂e and Water by 20% per £m Revenue
Progress against 2020 Target: -14.29% tCO₂e and -16.22% m³ per £m Revenue

							Performance against 2015 Target			
		2015		2014						
Disclosure	Indicator	Unit	tCO ₂ e	Unit	tCO ₂ e	% Change		Target	Actual	
Data Centre Energy	Electricity (kWh)	33,053,653	14,774	29,758,757	14,141	4.48%	↓	-5%	↓	-10.11%
	Natural Gas (kWh)	1,427,685	293	1,229,966	228	28.51%		tCO ₂ e per		tCO ₂ e per
	Diesel (litres)	21,318	55	80,024	208	-73.51%		occupied cabinet		occupied cabinet
	Total tCO ₂ e		15,122		14,577	3.74%	↓	-5%	↓	-5.33%
	per occupied cabinet		12.54		13.95	-10.11%		tCO ₂ e per £m Revenue		tCO ₂ e per £m Revenue
	per £m Revenue		10.66		11.28	-5.51%				
Water (m³)	Data Centre	36,275,998	12.50	33,547,771	12.20	2.46%	↓	-5%	↓	-10.80%
	per m²	30.08		33.72		-10.80%		m³ per		m³ per
	per £m Revenue	25,572		27,512		-7.05%		occupied cabinet		occupied cabinet

OFFICES

During 2015, we consolidated a number of our office spaces, resulting in significant reductions in the carbon and water footprint. We actively pursue resource efficiency initiatives such as LED lighting replacements and low-power PC replacements wherever possible.

2020 Target: Reduce tCO₂e and Water by 20% per £m Revenue
Progress against 2020 Target: -25.78% tCO₂e and -41.35% m³ per £m Revenue

								Performance against 2015 Target	
		2015		2014					
Disclosure	Indicator	Unit	tCO ₂ e	Unit	tCO ₂ e	% Change		Target	Actual
Office Space Energy	Electricity (kWh)	18,376,849	6,425	19,250,990	7,286	-11.82%	⬇	-5%	-23.95%
	Natural Gas (kWh)	2,117,512	429	2,144,226	428	0.23%		tCO ₂ e per FTE	tCO ₂ e per FTE
	LPG (tonnes)	10	31	34	101	-69.21%			
	Diesel (litres)	61,659	164	51,822	138	18.84%			
	TOTAL		7,049		7,953	-11.37%			
	per FTE		1.59		2.09	-23.95%			
	Energy use from Renewable Sources	22.06%		19.84%		11.19%			
Water (m³)	Office Space	44,296	15.20	42,521	14.60	4.11%	⬇	-5%	-15.20%
	per FTE	10		12		-15.20%		m³ per £m Revenue	m³ per £m Revenue
	per £m Revenue	31.23		32.91		-5.11%			

Environment continued

BUSINESS TRAVEL

Over the last year, LSEG introduced significant changes to help reduce both the cost and environmental impact of business travel. We continually review and extend the use and availability of our video conferencing facilities to encourage its use in place of air travel. Train travel is the preferred option between a number of major European hubs. Each division is responsible for its own travel budget, and there is a clear policy for use of different air travel classes to further reduce GHG emissions.

2020 Target: Reduce tCO₂e by 20% per £m Revenue and per FTE

Progress against 2020 Target: **-13.61% per £m Revenue and -14.01% per FTE**

Disclosure	Indicator	2015		2014		% Change	Performance against 2015 Target		
		Unit	tCO ₂ e	Unit	tCO ₂ e		Target	Actual	
Air Travel (km)	International	9,925,739	951				20% ↑ Video Conference Hours	100% Video Conference Hours	
	Long Haul	22,657,714	4,186	23,694,310	3,970	5.44%			
	Short Haul	4,601,109	414	8,799,179	764	-45.81%			
	Domestic	2,696,238	425	1,668,709	259	64.09%			
	TOTAL	39,880,800	5,977	34,162,918	4,993	19.71%			
	per FTE		1.35		1.38	-2.17%			
Rail Travel (km)	per £m Revenue		4.21		3.86	9.03%			
	Eurostar	824,957	8.8	692,886	7.7	14.17%			
	National Rail	597,265	25.8	534,157	23.7	8.86%			
	Total	1,422,222	34.6	1,227,023	31.4	10.16%			
Road Vehicles	per FTE		0.0078		0.0087	-10.34%			
	Company Leased Fleet (Diesel litres)	15,779	42.2	26,749	71.6	-41.06%			
Video Conferencing	Number of Conferences	12,621		5,273		139.35%			
	Conference Hours	20,278		10,132		100.14%			

WASTE AND PAPER

Last year, we targeted a 90% recycling rate and zero waste to landfill across the Group, which is still being achieved. This year, we sought to reduce our overall production of waste by 5%, including recycled materials. This focus highlighted a particular excess in food waste at our Palazzo Mezzanotte congress centre in Italy due to the nature of catering for large conferences. We have worked on a solution with our suppliers, and are excited that as of December 2015 we are now able to send all excess food to a local partner charity.

2016 will see us set a specific paper reduction target for the first time. We are using this target to drive innovation in our use of technology, for example moving towards paperless recruitment processes and HR inductions and training, as well as working with our suppliers to seek further solutions.

2020 Target: Reduce Total Waste by 20% per £m Revenue

Progress against 2020 Target: **-46.93% per £m Revenue**

Disclosure	Indicator	2015		2014		% Change	Performance against 2015 Target		
		Unit	tCO ₂ e	Unit	tCO ₂ e		Target	Actual	
Waste (tonnes)	Total Waste Produced per FTE	1,179	296	1,228	253	17.00%	-5% ↓ Produced per FTE	-17.62% Produced per FTE	
			0.067		0.070				
	Total Waste Recycled	1,175		1,221		-3.77%			
	Food and Drink	49.2		40.9					
	Paper & Cardboard	55.8		59					
	Plastics	1.2		1.8					
	Glass	19.8		21.2					
	Mixed Recycling	174		200					
	Landfill Avoidance	99.66%		99.43%		0.23%			

NOTES:

- Total Group Footprint and Scope 2 use market-based Scope 2 emission factors
- Baseline emissions (2013) were recalculated to include Rail Travel and take into account changed emissions factors from move to new reporting software
- Total extrapolated emissions -4.10%
- Group Carbon Footprint includes tenant consumption, however all targets and reporting in the sections below exclude tenant floors as no headcount is available

- Scope 1 includes combustion of fuel and operation of facilities including Natural Gas, Diesel, LPG, Fugitive Emissions and Fleet Vehicles
- Scope 2 is purchase of electricity by the Group for their own use (the Group does not purchase heat, steam or cooling)
- Scope 3 includes emissions from Air Travel, Rail Travel, Waste and Water
- Air Travel data calculated from mileage from travel bookings provider Asia bookings via partner and based on Origin / Destination airport codes and via Michelin mileage data

- Air Travel "International" is a new factor type for 2015 in the UK DEFRA Guidance
- Russell Investments based on FTE extrapolation only, as business in sale negotiation and not under operational control
- Revenue excludes Russell Investments, as Russell consumption is also excluded from figures

Environment continued

CLIMATE CHANGE

We continue to report to the Carbon Disclosure Project, as well as engaging with and participating in the Dow Jones Sustainability Index and FTSE4Good.

We were included in the CDP Carbon Disclosure Leadership Index (CDLI) for the second year running.

We scored 99 for disclosure, and B for performance, improving further from our 2014 score.

Direct climate change costs for the Group arise from the carbon tax associated with the UK CRC Energy Efficiency scheme. We are also aware of the risks and opportunities for our business arising from climate change, and have developed measures to address these. We will actively monitor these changes so we can adapt and respond as necessary.



METHODOLOGY AND VERIFICATION

We have reported all of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. These sources fall within our consolidated financial statement. We do not have responsibility for any emission sources that are not included in our consolidated statement.

The Scope 1, 2 and 3 emissions disclosed here and in the Directors' and Strategic Reports have been externally verified by SGS against the requirements of the WRI/WBCSD GHG Protocol – Corporate Accounting and Reporting Standard. Conduct of the verification met the requirements of ISO 14064-3:2006. Full details and verification statement are available on our website.

Our emissions are calculated using GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and UK Government Environmental Reporting Guidelines, including mandatory greenhouse gas emissions reporting guidance. We use DEFRA UK Government GHG Conversion Factors, GHG Protocol, and Bilan Carbone GHG emissions factors.

Social

Our social performance tables summarise our social disclosure, based on FTSE4Good and GRI principles. Please see the “Our People” section for further details on our policies and activities related to our employees.

HUMAN RIGHTS

Human rights considerations are also included in our Supplier Code of Conduct, Group Code of Conduct and in the new Group Corporate Responsibility Policy approved this year by the Group's Board.

MODERN SLAVERY ACT

The Group has a zero-tolerance approach to modern slavery. Anti modern slavery provisions are included in the new Group Corporate Responsibility Policy approved this year.

WIN

In early 2015, we launched the ‘Women Inspired Network’ (WIN), a Group-wide network aimed at nurturing female talent within all levels of our organisation, developing their careers. WIN has been launched in London, Milan, Paris and New York.

¹Numbers in brackets represent last year's figures

²Mix of staff and Non-Executive Directors

³The LSEG subsidiary Board members, the Executive Committee and Leadership Teams together comprise the “Senior Managers” for the purposes of 414C(10)(b) Companies Act 2006

2015 Group statistics¹

Disclosure	Indicator	Data	
Employment	Employees by region:	Total	%
	United Kingdom	1,549	30 (32)
	United States of America	1,305	25 (28)
	France	182	3 (4)
	Italy	578	11 (12)
	Sri Lanka	833	16 (14)
	Other	798	15 (10)
	TOTAL	5,245	100
	Employees by contract type:	Total	%
	Full Time	4,891	93 (93)
Health and safety	Part Time	171	3 (2)
	Fixed Term	183	4 (5)
	TOTAL	5,245	100
	Employees covered by collective bargaining agreements	15% (15%)	
Training and education	Staff voluntary turnover:	9.9% (8.0%)	
	Number of health and safety incidents:	0 (1)	
	Employees receiving regular performance and career development reviews:	100% (100%)	

Disclosure	Indicator	Data		
Diversity and equal opportunity	Employees by region:	Total	% Female	% Male
	United Kingdom	1,549	33 (33)	67 (67)
	United States of America	1,305	39 (40)	61 (60)
	France	182	38 (38)	62 (62)
	Italy	578	39 (38)	61 (62)
	Sri Lanka	833	18 (17)	82 (83)
	Other	798	38 (43)	62 (57)
	TOTAL	5,245	33 (34)	67 (66)
	Group by gender and organisational level:	Total	Female	Male
	LSEG plc Board ²	14	3 (3)	11 (11)
Non-discrimination	LSEG Subsidiary Boards ^{2,3}	202	21 (10)	181 (93)
	Executive Committee and Leadership Teams ³	80	15 (11)	65 (48)
	All Staff	5,165	1,741 (1,593)	3,424 (3,004)
	TOTAL	5,245	1,756	3,489
	Employees by age group:	Total	%	
	Under 30 years	1,396	27 (20)	
	30–50 years	3,157	60 (66)	
	Over 50 years	692	13 (14)	
	TOTAL	5,245		
	Nationalities represented in the Group:	55 (51)		
Non-discrimination	Total number of incidents of discrimination and actions taken:	0(0)		

Governance

CODE OF CONDUCT

Our Group-wide Code of Conduct sets out the ethical and behavioural framework governing the Group's activities and the behaviours we expect from our Directors and staff. Complying with the framework ensures that we maintain our reputation and that our employees apply the highest standards when dealing with our stakeholders.

The Code of Conduct covers the following key areas:

- Integrity and honesty
- Professional behaviour
- Conflicts of interest
- Insider dealing
- Fair business practices and business relationships
- Commitment to fair competition
- Equal opportunities and diversity
- Confidentiality
- Political activities
- Human rights
- Labour standards

The Group's risk framework requires senior executives to confirm that all members of their teams have seen and understood the Code of Conduct. An abbreviated version of our Code of Conduct is available on the Group website.

For 200 years, we have abided by our motto Dictum Meum Pactum – "My word is my bond". Today, it is as vital as ever that we maintain the highest standards of ethics and governance. Given our central role in a constantly evolving global economic landscape, it is important that we foster confidence in our markets and in the services we provide.

What we believe as a Group and how we act is summarised by our 4 core values and behaviours:

Integrity, Partnership, Innovation and Excellence.

Given the increased size and scope of our businesses, we face a wide and expanding universe of risks. In particular, our presence in Post Trade services provides direct and indirect exposure to financial market volatility. We also face technology risks such as cyber threats, systems resilience and technological innovation; and political, regulatory and macro-economic risks, which include the impact of our competitors' actions.

Pursuing our growth strategy in this dynamic environment requires best-in-class risk management. Our governance and risk management structures have evolved to meet this need. Details of the Group's Board, Risk Committee and Principal Risks can be found in the Annual Report.

INTEGRITY	PARTNERSHIP	INNOVATION	EXCELLENCE
My word is my bond	We collaborate to succeed	We nurture new ideas	We are committed to quality
Integrity underpins all that we do – from our unshakeable commitment to building and supporting global markets based on transparency and trust, to every transaction across our business with each and every stakeholder. We are a source of enduring confidence in the financial system, so when we say that our word is our bond, we mean it.	We pride ourselves on working together as proactive partners, building positive relationships with our colleagues, customers, investors, regulators, governments and shareholders, for our mutual success and the benefit of all.	We are ambitious and forward-looking – a pioneering Group of market innovators, driven by fresh thinking that has kept us ahead of change. We prudently and proactively invest to make sure that our markets and services are constantly developing and evolving with advances in technology.	We have a fundamental commitment to developing talented teams who deliver to the highest standards in all that we do. By collaborating together, we will sustain industry-leading levels of excellence, setting the benchmarks that inspire ever-better performance.

CORPORATE GOVERNANCE

We remain committed to the highest standards of corporate governance and business integrity.

The Group complies with the UK Corporate Governance Code, which is a requirement for all companies with a premium listing on the UK Main Market. As such, we closely adhere to the principles and recommendations set out in the UK Code, which relate to:

- Leadership
- Effectiveness
- Accountability
- Remuneration
- Relations with shareholders

Each year, we document how we have applied the main principles of the UK Code, and detail any non-compliance. In the past period, we have complied with all the UK Code's provisions.

The full report on corporate governance can be found in the Group's Annual Report here: www.lseg.com

Looking ahead

As our business expands and diversifies, we continue to review our approach to sustainability. In the coming year, within each of our core pillars, we plan to promote sustainable, responsible and effective business management in the following ways:

Change	<ul style="list-style-type: none"> – Develop LSEG's guidance for listed companies on the voluntary disclosure of ESG information to investors, based on the framework set out by the UN Sustainable Stock Exchanges Initiative – Leverage our online investor relations (IR) platform ELITE Connect to promote more sustainable business practices in the financial industry
Grow	<ul style="list-style-type: none"> – Continue the promotion of our ELITE Growth initiative, aimed at helping SMEs bridge the gap to long-term financing, with a view to further extending the model in emerging markets
Disclose	<ul style="list-style-type: none"> – Contribute to enabling the transition to a low carbon economy through the provision of asset classes and Information Services for investors that help channel investment toward sustainable issuers and securities
Manage Risk	<ul style="list-style-type: none"> – Continue to develop products and services in the custody, clearing and settlement space that enhance our markets' integrity and stability
Develop	<ul style="list-style-type: none"> – Actively address diversity in our business operations, setting targets for gender representation and developing plans to counter unconscious bias – Scale up our staff engagement programmes, also leveraging our sustainability vision
Sustain	<ul style="list-style-type: none"> – Work towards the achievement of our revised 2016–2020 environmental targets, also comprising water and paper consumption and waste reduction objectives – Build on our longer-term charity partnerships to deliver a comprehensive programme aligned to LSEG Foundation's mission to empower people and enrich communities

Within each of the pillars, we are also developing strategic plans and priorities for improving sustainability as a Group.

Appendix

UN SSE: Communication with stakeholders

Business Strategy	
How does your exchange define and view the rationale for corporate sustainability and the exchange's role in promoting it?	Our CEO's message, CR strategy and Materiality review on pages 3, 6 and 7 respectively, demonstrates our rationale for corporate sustainability and our role in promoting it.
How does your exchange's senior leadership and organisational structure support the promotion of corporate sustainability in its market(s)?	Our sustainability strategy is developed and reviewed by our ExCo and Board respectively, while our organisational structure is set out on pages 6 and 7. Our Markets and Our Services pillars support the promotion of sustainability across capital markets globally, on pages 10-19.
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, for more details please see pages 10-19. We set out our specific objectives for 2016 in our Looking ahead section on page 39.
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 three key ways. Firstly, FTSE Russell's ESG services and the associated FTSE4Good Index family set a standard for ESG disclosure globally. Secondly, we support a variety of events to promote best practice sustainability disclosure for companies listed on our markets and in the economies in which we operate. Thirdly, during 2016 we are developing guidance on best practice ESG disclosure, please see page 39 for details.
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. Borsa Italiana is responsible for setting and reviewing the listing standards as set in the Rules of the Markets, organised and managed by Borsa Italiana. Any modification to the Rules is subject to two main approvals: Borsa Italiana's Board of Directors' and the Italian financial markets supervisory authority's approval. Borsa Italiana stakeholders can comment on the process of amending the listing standards, both the Rules of the Markets and their implementing Instructions. For example, as part of its preparation of the modifications, Borsa Italiana shall consult relevant stakeholders, such as the industry associations of issuers and intermediaries, in order to incorporate their comments and suggestions.
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, please see page 31. Externally, we review our progress against Corporate Knights exchange rankings for sustainability disclosure, please see page 17, and the Dow Jones Sustainability ratings, please see page 31.
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 Russell 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 Russell also works with other exchanges across developed and emerging markets to offer local FTSE4Good and ESG indices. More information can be found on pages 16 and 31.

Appendix continued

Issuer Capacity Building	
If your exchange offers sustainability guidance for companies, please provide a description of the process for its creation.	LSEG hosted the launch of the UN SSE Model Guidance on sustainability reporting after playing a leading role in its development, for more details please see page 17. We will develop our own Group-wide guidance over 2016, please see page 39 for details.
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	
Who does your exchange view as its key stakeholders and how does it engage and collaborate (or plan to do so) with these and potentially other stakeholders?	<p>We do this in a range of ways including:</p> <ul style="list-style-type: none"> - we partner a large number of peer exchanges around the world and in some cases this explicitly covers ESG and ESG indices - we respond to regulator consultations and have responded positively to consultations regarding issuer non-financial disclosure in the past - we host events for issuers and ESG related initiatives, - through FTSE Russell we are involved in a large number of investor ESG collaborative bodies and initiatives including the UN backed PRI, UK SIF, US SIF, Euro SIF, ICGN, Japan SIF and RIAA and - through our involvement with the SSE initiative - we are working in a range of ways to support the growth and development of green finance and are represented on the City of London's Green Finance Initiative and as an observer of the Green Bond Principles
Sustainable Products	
How has your exchange supported the development of financial products that address sustainability-related issues (e.g., ESG Indices, carbon markets, social/environmental bonds, sustainable development funds, etc)?	We describe the green ETFs offered by our markets and the launch of a new segment dedicated to the issuance of green bonds on page 14. FTSE Russell offers various ESG and Low Carbon Economy services, further details are on page 16 and through the related links.



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