



**LONDON STOCK EXCHANGE
GROUP PENSION SCHEME**

ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2022

SCHEME REGISTRATION NUMBER: 19020501

LONDON STOCK EXCHANGE GROUP PENSION SCHEME

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LONDON STOCK EXCHANGE GROUP PENSION SCHEME
TRUSTEE AND ITS ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2022

Trustee

LSEG Pension Trustees Ltd

Trustee Directors - Employer Nominated

BESTrustees Ltd – represented by C Redmond (Chair from 1 August 2022)

N Bayley

D Bouwmeester

P Brine (until 10 May 2023)

Dalriada Trustees Ltd – represented by P Brine (from 10 May 2023)

Trustee Directors - Member Nominated

C Broad – Chair (resigned 31 July 2022)

S Griffin *

M Harries *

* Pensioner

Secretary to the Trustee

S Tutton (resigned 14 March 2023)

C O’Hanlon (appointed 14 March 2023)

Principal Employer

London Stock Exchange Plc

Participating Employers

London Stock Exchange Plc - LSE Section

LCH Ltd - LCH Section

Actuary

S Hailwood F.I.A (appointed 26 January 2023)

G Clark F.I.A. (resigned 26 January 2023)

Mercer Ltd

Independent Auditors

PricewaterhouseCoopers LLP

Administrator

Premier Pensions Management Ltd

Banker

Clydesdale Bank Plc - trading as Virgin Money

Pension Consultant

Mercer Ltd

Investment Adviser

Redington Ltd

Investment Custodian

JP Morgan

LONDON STOCK EXCHANGE GROUP PENSION SCHEME

TRUSTEE AND ITS ADVISERS

FOR THE YEAR ENDED 31 DECEMBER 2022

Insurance Policy Providers

LSE Section

Pensions Insurance Corporation
Phoenix Life

Investment Managers

LCH Section

Man Group plc
Payden and Rygel Global Ltd
Royal London Asset Management Ltd
Ruffer LLP
Schroder Investment Management Ltd

LSE Section

Man Group plc
Oaktree Capital Management Ltd
Payden and Rygel Global Ltd
Partners Group (UK) Ltd
Permira Debt Managers Ltd
Royal London Asset Management Ltd
Ruffer LLP
Schroder Investment Management Ltd

Additional Voluntary Contribution (AVC) Providers

LSE Section

Aviva Investors
BlackRock Life Ltd
BNY Mellon Fund Managers Ltd (until 20 July 2022)
Phoenix Life Ltd

LCH Section

Utmost Life and Pensions
ReAssure

Enquiries

Premier Pensions Management Ltd
AMP House
Dingwall Road
Croydon
Surrey
CR0 2LX

Email: LSEGPS@Premiercompanies.co.uk

LONDON STOCK EXCHANGE GROUP PENSION SCHEME

TRUSTEE'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

The Trustee of the London Stock Exchange Group Pension Scheme (the "Scheme") is pleased to present its annual report together with the financial statements for the year ended 31 December 2022. The Scheme is a defined benefit scheme made up of two sections, the LSE Section and the LCH Section, both of which are closed to future accrual.

The Scheme was established on 18 December 2015 and is administered in accordance with the Trust Deed and Rules.

Management of the Scheme

The Trustee Directors who served during the year are listed on page 1.

In accordance with the Occupational Pension Schemes (Member Nominated Trustees and Directors) Regulations 2006, members have the option to nominate and vote for Member Nominated Trustee Directors.

The Member Nominated Trustee Directors, as shown on page 1, are nominated by the members under the rules notified to the members of the Scheme. They may be removed before the end of their term only by agreement of all the remaining Trustee Directors, although their appointment ceases if they cease to be members of the Scheme.

In accordance with the Trust Deed, London Stock Exchange Plc and LCH Ltd have a joint power to appoint and remove the Trustee of the Scheme. The Trustee Directors are appointed and removed in accordance with the Trustee Company's Articles of Association.

During the year four full Trustee Board Meetings were held, along with additional Investment Committee and Operation Committee Meetings.

Governance and Risk Management

The Trustee has in place a risk register and business plan that sets out its objectives in areas such as administration, investment, funding and communication. This, together with a list of the main priorities and timetable for completion, helps the Trustee run the Scheme efficiently and serves as a useful reference document.

Trustee Knowledge and Understanding

The Pensions Act 2004 requires the Trustee to have sufficient knowledge and understanding of pensions and trust law and be conversant with the Scheme documentation. The Pensions Regulator has published a Code of Practice on Trustee Knowledge and Understanding, to assist the Trustee on this matter, which became effective from 6 April 2006. The Trustee receives regular training and has agreed a training plan. This enables the Trustee to meet the Trustee Knowledge and Understanding requirements.

Financial Development of the Scheme

The financial statements on pages 18 to 45 have been prepared and audited in accordance with the regulations made under Sections 41 (1) and (6) of the Pensions Act 1995. They show that the value of the Scheme assets has decreased from £809,184,340 at 31 December 2021 to £515,808,266 at 31 December 2022.

The significant reduction in the value of the Scheme assets was due to an increase in interest rate expectations over 2022. The estimated value of the Scheme liabilities also reduced with the overall Scheme funding level remaining broadly consistent over the period.

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
TRUSTEE'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

Post year-end buy-in with Standard Life

After an extensive review of the insurance market and potential providers, the Trustee entered into a buy-in policy with Standard Life, part of Phoenix Group in May 2023. This buy-in covers all members of the LSE Section and LCH Section who have not previously been insured. The insurance policies with Pension Insurance Corporation and Phoenix Life remain in place and cover LSE Section pensioners who retired around 2016 and before.

This is a positive development for members which reduces the Scheme's overall exposure to financial as well as other risks, notably increases in life expectancy. The buy-in does not affect any member's pension entitlement or the service currently received from the Scheme's administrators. The insurance policy is simply held as an asset of the Scheme and the Trustee retains full responsibility for ensuring that all member benefits are paid.

LONDON STOCK EXCHANGE GROUP PENSION SCHEME

TRUSTEE'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

Membership

Details of the Scheme's membership movements for the LSE Section over the year are shown below:

	In Service	Deferreds	Pensioners	Total
Members at 1 January 2022	10	691	1,113	1,814
Adjustments	-	(4)	(2)	(6)
Leavers with deferred	(1)	1	-	-
Deaths	-	(2)	(26)	(28)
New Dependents	-	-	8	8
Trivial Commutations	-	-	(3)	(3)
Transfers out	-	(13)	-	(13)
Retirements	-	(44)	44	-
Members at 31 December 2022	9	629	1,134	1,772

Details of the Scheme's membership movements for the LCH Section over the year are shown below:

	In Service	Deferreds	Pensioners	Total
Members at 1 January 2022	-	599	220	819
Adjustments	-	5	(1)	4
Retirements	-	(14)	14	-
Deaths	-	-	(7)	(7)
Transfers out	-	(7)	-	(7)
New spouses and dependants	-	-	4	4
Members at 31 December 2022	-	583	230	813

"In service" members are members who remain employed by LSE and were active as at 31 March 2012, when the LSE Section closed to future accrual and who retained a salary link to their benefits.

The LSE Section pensioners are paid by Pensions Insurance Corporation ("PIC"). Included within the pensioners shown in the above table at the year end were 136 spouses and dependants (2021: 146). As at 31 December 2022, 834 of the pensioners were covered under an insurance policy also held with PIC (2021: 910). A further 82 pensioners (2021: 82) have annuities paid directly by Phoenix Life, under a policy held in the name of the Trustee.

The LCH Section pensioners are paid by the Scheme Administrator. Included within the pensioners shown in the above table at the year end were 18 spouses and dependants (2021: 16).

These membership figures do not include movements notified to the Administrator after 31 December.

LONDON STOCK EXCHANGE GROUP PENSION SCHEME

TRUSTEE'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

Pension Increases

Pensions are increased on 1 April each year.

For the LSE Section, the increases to pensions in payment as at 1 April 2022 were as follows:

- Pre 2003 retirements: 5.0% (2021: 3.0%)
- Post 2003 retirements on pre 88 GMP: 0.0% (2021: 0.0%)
- Post 2003 retirements on Post 88 GMP: 3.0% (2021: 0.5%)
- Post 2003 retirements on benefits in excess of GMP: 5.0% (2021: 3.0%)

For the LCH Section, the increases to pension in payment as at 1 April 2022 were as follows:

- Pre April 1988 GMP: 0.0% (2021: 0.0%)
- GMP earned after April 1988: 3.0% (2021: 0.5%)
- Pre 6 April 1997 excess over GMP: 4.0% (2021: 1.3%)
- Pre 6 April 1997 pen 5pct or PRI: 5.0% (2021: 0.0%)
- 6 April 1997 to 5 April 2005 pension: 4.0% (2021: 1.3%)
- 6 April 2005 to 5 April 2006 pension: 4.0% (2021: 1.3%)
- Pension accrued after 5 April 2006: 2.5% (2021: 1.3%)

There were no discretionary pension increases for either Section of the Scheme.

Transfers

Transfer values are calculated and verified in accordance with the statutory cash equivalent requirements in accordance with the Pension Schemes Act 1993 as amended by The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 (SI 2008/2450) which took effect from 1 October 2008.

No discretionary benefits are accounted for in the calculation of transfer values.

The Scheme no longer accepts transfers in.

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TRUSTEE'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

Report On Actuarial Liabilities

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of the benefits members are entitled to based on pensionable service to the valuation date. This is assessed using the assumptions agreed between the Trustee and the Employer and set out in the Statement of Funding Principles, which is available to Scheme members on request.

The funding position of both Sections of the Scheme as at 31 December 2020, the date of the latest triennial valuations, are shown below:

	LSE Section 31 December 2020 £m	LCH Section 31 December 2020 £m
Value of liabilities:	(524.4)	(320.9)
Value of assets:	479.2	322.3
Surplus/(Deficit):	(45.2)	1.4
Funding level:	91%	100%

If the Employer goes out of business or decides to stop contributing to the Scheme, the Scheme may be “wound up” and the Employer would be required to pay additional money to buy all members’ benefits from an insurance company. The comparison of the Scheme’s assets to the cost of buying the benefits from an insurance company is known as the “buy-out position”. A pension scheme’s buy-out position will often show a larger shortfall than the standard valuation as insurers are obliged to take a very cautious view of the future, and they also seek to make a profit.

The actuarial valuation at 31 December 2020 showed that the Scheme’s assets would not have been enough to buy all member’s benefits from an insurance company, as the estimated “buy-out position” at that date was:

	LSE Section 31 December 2020 £m	LCH Section 31 December 2020 £m
Value of liabilities:	(546.8)	(347.5)
Value of assets:	479.2	322.3
Deficit:	(67.6)	(25.2)
Funding level:	88%	93%

Actuarial valuations are a “snap shot” of the Scheme’s funding position at a particular moment in time. The buy-out position was estimated using our actuarial adviser's experience of recent buy-out quotations and their understanding of the factors affecting this market. These buy-out figures are only an estimate as they were not based on an actual quotation. Market changes, both in interest rates and in supply and demand for buy-out business, mean that buy-out costs will change over time.

Method

The actuarial method to be used in the calculation of the technical provisions is the Projected Unit Method.

LONDON STOCK EXCHANGE GROUP PENSION SCHEME

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FOR THE YEAR ENDED 31 DECEMBER 2022

Report On Actuarial Liabilities (continued)

Significant Actuarial Assumptions

The key assumptions used for calculating the Technical Provisions and future contribution requirement for the Scheme were:

	LSE Section 31 December 2020 % (p.a.)	LCH Section 31 December 2020 % (p.a.)
Financial		
Discount rate	UK Government gilt yields at the date of each future cash flow, plus an additional 0.25 p.a.	UK Government gilt yields at the date of each future cash flow, plus an additional 0.25 p.a.
RPI inflation	The difference between the yields on conventional and index-linked UK Government bonds at the date of each future cash flow.	The difference between the yields on conventional and index-linked UK Government bonds at the date of each future cash flow.
CPI inflation	Assumed RPI at the date of each future cashflow, less an allowance of 1.0% p.a. until 2030, and 0.0% p.a. thereafter.	Assumed RPI at the date of each future cashflow, less an allowance of 1.0% p.a. until 2030, and 0.0% p.a. thereafter.
Salary increases	In line with RPI inflation.	N/A
Deferred Revaluation	In line with CPI inflation, subject to the appropriate caps over the deferment period.	In line with CPI inflation, subject to the appropriate caps over the deferment period.
Pension increases	Derived from inflation forward rates using Jarrow-Yildirim model to allow for caps and floors.	Derived from inflation forward rates using Jarrow-Yildirim model to allow for caps and floors.
Demographic		
Retirement age	All at Normal Retirement Age.	All at Normal Retirement Age.
Mortality base table	S3PMA / S3PFA_M (year of birth) tables weighted by 88%/92% for male/female non-pensioner members and 88%/89% for male/female pensioner members.	S3PMA / S3PFA_M (year of birth) tables weighted by 88%/92% for male/female non-pensioner members and 88%/89% for male/female pensioner members.
Mortality future improvements	CMI_2020 projections model with a long-term improvement rate of 1.75% p.a., a smoothing parameter of 7.5 an initial adjustment parameter of zero and no weight placed on the mortality experience of 2020.	CMI_2020 projections model with a long-term improvement rate of 1.75% p.a., a smoothing parameter of 7.5 an initial adjustment parameter of zero and no weight placed on the mortality experience of 2020.
Commutation	50% of the maximum permitted cash sum at retirement based on factors calculated to be 80% of cost neutral on the technical provisions basis at the valuation date.	50% of the maximum permitted cash sum at retirement based on factors calculated to be 80% of cost neutral on the technical provisions basis at the valuation date.
Proportion married	ONS 2011 census curves weighted by 109%/94% for male/female non pensioners and 89%/94% for male/female pensioners.	ONS 2011 census curves weighted by 109%/94% for male/female non pensioners and 89%/94% for male/female pensioners.
Spouses age	Males are 3 years older than females.	Males are 3 years older than females.

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FOR THE YEAR ENDED 31 DECEMBER 2022

Report On Actuarial Liabilities (continued)

Recovery Plan

The LCH Section had a surplus of £1.4m on the agreed technical provisions basis as at 31 December 2020. As a result, no deficit contributions are currently required. A £3m contribution was nevertheless paid into the LCH Section by the Employer in December 2021 as required by the Schedule of Contributions agreed at the 31 December 2017 actuarial valuation.

To eliminate the funding shortfall identified in the Scheme's LSE Section as at 31 December 2020, the Employer agreed to pay the following deficit funding/contingent contributions:

Due Date	£m
On or before 31 December 2021	14.0
On or before 31 December 2022	14.0
On or before 31 December 2023	(up to) 11.4

The contributions of £14m due in 2021 and 2022 were paid by the Employer. The contribution of up to £11.4m in 2023 was contingent on the LSE Section's funding position as at 31 December 2022. As the LSE Section had a technical provisions surplus at this date, this contribution will not be required. The Actuarial Certificates in relation to the Schedules of Contributions are shown on pages 46 and 47 of the Annual Report.

The annual funding updates carried out by the Scheme Actuary as at 31 December 2022, showed improved funding levels of 102% (LSE Section) and 115% (LCH Section).

The next triennial actuarial valuations are due as at 31 December 2023.

LONDON STOCK EXCHANGE GROUP PENSION SCHEME

TRUSTEE'S REPORT

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Investment Matters

Investment Objective & Strategy

The principal objective of the Trustee is to ensure the Scheme has sufficient assets such that the benefits promised to members are paid on time and in full. This objective will be achieved by combining investment returns and an agreed contribution schedule with the Employer, set out as part of the Alternative Funding Framework ("AFF").

The investment strategy is agreed by the Trustee after taking appropriate advice. Subject to complying with the agreed strategy, which specifies the target proportions of the fund which should be invested in the principal market sectors, the day to-day management of the Scheme's asset portfolio, which includes full discretion for stock selection, is the responsibility of the Investment Managers.

All investments have been managed during the year by the Investment Managers shown on page 2.

Statement of Investment Principles

The Trustee has prepared a Statement of Investment Principles, in accordance with the Pensions Act 1995 and the Occupational Pension Schemes (Investment) Regulations 2005. The latest version is dated December 2021 and can be found here: <https://www.lseg.yourpremier.co.uk/document-centre>

Custodial Arrangements

The Trustee has appointed JP Morgan as the custodian for the Liability Driven Investments held by Schroder Investment Management Ltd.

The other Investment Managers appoint their own custodians.

Environmental Social and Governance Considerations

Environmental, Social and Governance ("ESG") issues, including those arising from climate change may be financially material to the investment portfolio. The Trustee considers the long-term financial interests of the Scheme to be paramount, and, where appropriate and practical:

- Incorporates all financially material considerations into decisions on the selection, retention and realisation of investments through strategic asset allocation decisions and the appointment of investment managers, so far as possible.
- Expects investment managers to consider financially material environmental, social and governance issues in investment decision making.

Non-financial matters including ethical views of beneficiaries and members are not ordinarily considered in the selection, retention and realisation of investments.

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
TRUSTEE'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

Investment Matters (continued)

Environmental Social and Governance Considerations (continued)

The Trustee recognises that good stewardship practices, including engagement and voting activities are important as they help preserve and enhance asset owner value over the long term. Direct engagement with underlying companies (as well as other relevant persons) of which the Trustee owns shares and debt is carried out by the Scheme's Investment Managers.

The Trustee expect their Investment Managers to practice good stewardship. This includes monitoring and engaging with issuers of debt or equity on relevant matters such as performance, strategy, risks, capital structure, conflicts of interest and environmental, social or governance considerations, and using voting rights to effect the best possible long-term outcomes.

The Trustee's Investment Consultant assesses the ability of each Investment Manager in engaging with underlying companies in order to promote the long-term success of the investments, and reports to the Trustee periodically covering how the Investment Managers have acted in line with this policy.

When selecting, monitoring and de-selecting asset managers, stewardship is factored into the decision-making process to the appropriate level for the specific asset class in question. Engagement with relevant persons includes the exercise of rights (including voting rights) attaching to the Scheme's equity investments which are exercised by the asset managers of the Scheme. The Trustee monitors and discloses the voting records of its managers on an annual basis.

LONDON STOCK EXCHANGE GROUP PENSION SCHEME

TRUSTEE'S REPORT

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Investment Matters (continued)

Asset Allocation

At the year end, the allocation of the Scheme's investments (excluding AVCs) was as follows:

	2022 %	2021 %	Benchmark %
LSE Section			
Liability Driven Investments *	65	53	56
Return Seeking Investments **	35	47	44
	100	100	100
LCH Section			
Liability Driven Investments	69	67	68
Return Seeking Investments **	31	33	32
	100	100	100

* Excludes the buy in contract with Pension Insurance Corporation.

** Includes credit-based assets (corporate bonds).

Performance

The performance of the Scheme's investments to 31 December 2022 is shown below:

	1 Year %	3 Years % (p.a.)
LSE Section	-38.3	-10.0
LCH Section	-40.7	-10.3

*Values reflect performance net of fees (where available).

Investment Management Fees

The Investment Managers are paid fees in relation to the size of the assets managed (or exposure gained). The annual management charges range from 0.06% p.a. to 1.6% p.a. and some funds also charge performance-related fees. These fees have been negotiated where possible and the Trustee believes they represent competitive rates for the type of mandate awarded.

Employer Related Investments

Direct investments in the Employer are not permitted and there were none at any time during the year.

As at 31 December 2022, the Scheme had less than 0.01% exposure to Employer related investments (indirectly, through equity indices).

LONDON STOCK EXCHANGE GROUP PENSION SCHEME

TRUSTEE'S REPORT

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Compliance Matters

The Pensions Regulator

The statutory body that regulates occupational pension schemes is The Pensions Regulator and can be contacted at:

The Pensions Regulator

Napier House

Trafalgar Place

Brighton

BN1 4DW

Telephone: 0345 600 1011

Email: customersupport@tpr.gov.uk

Website: www.thepensionsregulator.gov.uk

Pensions Tracing Service

A pension tracing service is carried out by the Department for Work and Pensions. This service can be contacted as follows:

Pension Tracing Service

The Pension Service 9

Mail Handling Site A

Wolverhampton

WV98 1LU

Telephone: 0800 731 0193

Website: www.gov.uk/find-pension-contact-details

MoneyHelper Service

For any general enquiries on their pensions, members can contact the MoneyHelper Service. A local adviser can usually be contacted through a Citizen's Advice Bureau. Alternatively, the Service can be contacted at:

MoneyHelper

120 Holborn

London

EC1N 2TD

Telephone: 0115 965 9570

Email: pensions.enquiries@moneyhelper.org.uk

Website: www.moneyhelper.org.uk

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
TRUSTEE'S REPORT
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Compliance Matters (continued)

Pensions Ombudsman

Any concerns connected with the Scheme should be referred to Premier Pensions Management Ltd, AMP House, Dingwall Road, Croydon, CR0 2LX as quickly as possible. Members and beneficiaries of pension schemes who have problems concerning their scheme which are not satisfied by the information or explanation given by the administrators or the trustees can consult with The Pensions Ombudsman. The address is:

The Pensions Ombudsman
10 South Colonnade
Canary Wharf
E14 4PU

Telephone: 0800 917 4487
Email: helpline@pensions-ombudsman.org.uk
Website: www.pensions-ombudsman.org.uk

Data Protection

The Trustee is registered as a Data Controller within the meaning of GDPR guidelines (formerly under the Data Protection Act 1998) to hold such information as is necessary for the management of the Scheme. Premier Pensions Management Ltd is registered as a Data Processor under GDPR guidelines (formerly under the Act).

Enquiries

Members can obtain information about their own pension benefits, copies of the Scheme's governing documentation or further information about the Scheme by contacting:

Premier Pensions Management Ltd
AMP House
Dingwall Road
Croydon
Surrey
CR0 2LX

Email: LSEGPS@Premiercompanies.co.uk

LONDON STOCK EXCHANGE GROUP PENSION SCHEME

TRUSTEE'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

Statement of Trustee's Responsibilities

The Trustee's responsibilities in respect of the financial statements

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging these responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for ensuring that the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the Scheme will continue as a going concern.

The Trustee is also responsible for making available certain other information about the Scheme in the form of an annual report.

The Trustee has a general responsibility for ensuring that accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

The Trustee's responsibilities in respect of contributions

The Trustee is responsible under pensions legislation for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions showing the rates of contributions payable to the Scheme by or on behalf of the Employers and the active members of the Scheme and the dates on or before which such contributions are to be paid.

The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for adopting risk-based processes to monitor whether contributions that fall due to be paid are paid into the Scheme in accordance with the Schedule of Contributions.

Where breaches of the Schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and to members.

Approved and signed for on behalf of the Trustee by:

Trustee Director:

Trustee Director:

Date:

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
INDEPENDENT AUDITORS' REPORT
TO THE TRUSTEE OF LONDON STOCK EXCHANGE GROUP PENSION SCHEME
FOR THE YEAR ENDED 31 DECEMBER 2022

Report on the audit of the financial statements

Opinion

In our opinion, London Stock Exchange Group Pension Scheme's financial statements:

- show a true and fair view of the financial transactions of the scheme during the year ended 31 December 2022, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.

We have audited the financial statements, included in the Annual Report, which comprise: the Statement of Net Assets Available for Benefits as at 31 December 2022; the Fund Account for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the scheme's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the scheme's ability to continue as a going concern.

Our responsibilities and the responsibilities of the trustee with respect to going concern are described in the relevant sections of this report.

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
INDEPENDENT AUDITORS' REPORT
TO THE TRUSTEE OF LONDON STOCK EXCHANGE GROUP PENSION SCHEME
FOR THE YEAR ENDED 31 DECEMBER 2022

Reporting on other information

The other information comprises all the information in the Annual Report other than the financial statements, our auditors' report thereon and our auditors' statement about contributions. The trustee is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the trustee for the financial statements

As explained more fully in the statement of trustee's responsibilities, the trustee is responsible for ensuring that the financial statements are prepared in accordance with the applicable framework and for being satisfied that they show a true and fair view. The trustee is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of the financial statements, the trustee is responsible for assessing the scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustee either intends to wind up the scheme, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the scheme and its environment, we identified that the principal risks of non-compliance with laws and regulations related to the administration of the scheme in accordance with the Pensions Acts 1995 and 2004 and regulations made under them, and codes of practice issued by the Pensions Regulator; and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered the direct impact of these laws and regulations on the financial statements.

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
INDEPENDENT AUDITORS' REPORT
TO THE TRUSTEE OF LONDON STOCK EXCHANGE GROUP PENSION SCHEME
FOR THE YEAR ENDED 31 DECEMBER 2022

Auditors' responsibilities for the audit of the financial statements (continued)

We evaluated incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of override of controls, by the trustee and those responsible for, or involved in, the preparation of the underlying accounting records and financial statements, and determined that the principal risks were related to posting inappropriate journals to conceal misappropriation of assets and inappropriate adjustments of asset valuations. Audit procedures performed by the engagement team included:

- Testing journal entries where we identified particular fraud risk criteria.
- Obtaining independent confirmations of material investment valuations and cash balances at the year end.
- Testing estimates and judgements made in the preparation of the financial statements for indicators of bias.
- Reviewing meeting minutes, any correspondence with the Pensions Regulator, and significant contracts and agreements.
- Holding discussions with the trustee to identify significant or unusual transactions and known or suspected instances of fraud or non-compliance with applicable laws and regulations.
- Assessing financial statement disclosures, and agreeing these to supporting evidence, for compliance with the Pensions Acts 1995 and 2004 and regulations made under them.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for and only for the trustee as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date:

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
FUND ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2022

		LSE Section 2022 £	LCH Section 2022 £	Scheme 2022 £	Scheme 2021 £
Contributions and Benefits	Notes				
Employer contributions	5	14,968,378	968,378	15,936,756	18,444,662
Transfer In	6	-	183,516	183,516	-
Other income	7	83,208	36,521	119,729	6,328
		<u>15,051,586</u>	<u>1,188,415</u>	<u>16,240,001</u>	<u>18,450,990</u>
Benefits paid or payable	8	(14,011,708)	(4,095,324)	(18,107,032)	(15,864,452)
Payments to and on account of leavers	9	(6,097,798)	(8,159,126)	(14,256,924)	(13,962,789)
Administrative expenses	10	(1,003,373)	(749,895)	(1,753,268)	(1,302,203)
		<u>(21,112,879)</u>	<u>(13,004,345)</u>	<u>(34,117,224)</u>	<u>(31,129,444)</u>
Net Withdrawals from Dealings with Members		<u>(6,061,293)</u>	<u>(11,815,930)</u>	<u>(17,877,223)</u>	<u>(12,678,454)</u>
Returns on Investments					
Investment income	11	(162,020)	1,365,337	1,203,317	2,908,717
Investment management expenses	12	(435,055)	(373,143)	(808,198)	(951,954)
Change in market value of investments	13	(146,507,678)	(129,386,292)	(275,893,970)	7,234,037
Net Returns on Investments		<u>(147,104,753)</u>	<u>(128,394,098)</u>	<u>(275,498,851)</u>	<u>9,190,800</u>
Net Decrease in the Fund		<u>(153,166,046)</u>	<u>(140,210,028)</u>	<u>(293,376,074)</u>	<u>(3,487,654)</u>
Net Assets at 1 January		<u>487,967,647</u>	<u>321,216,693</u>	<u>809,184,340</u>	<u>812,671,994</u>
Net Assets at 31 December		<u>334,801,601</u>	<u>181,006,665</u>	<u>515,808,266</u>	<u>809,184,340</u>

The notes on pages 21 to 45 form part of these financial statements.

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS)
AS AT 31 DECEMBER 2022

LSE Section		2022	2021
		£	£
Investment Assets	Notes		
Bonds		169,277,357	338,990,737
Pooled investment vehicles	14	67,184,324	139,113,944
Reverse repurchase agreements receivable	16	124,048,642	78,242,138
Insurance policies	17	156,700,000	213,100,000
AVC investments	18	8,344,272	10,072,863
Cash		100,706	100,501
Income receivable		963,774	941,119
		<u>526,619,075</u>	<u>780,561,302</u>
Investment Liabilities			
Repurchase agreements payable	16	(164,149,739)	(216,714,627)
Short sold bonds		(30,004,593)	(77,998,828)
		<u>(194,154,332)</u>	<u>(294,713,455)</u>
Net Investments		332,464,743	485,847,847
Current assets	22	3,131,667	2,920,087
Current liabilities	23	(794,809)	(800,287)
		<u>334,801,601</u>	<u>487,967,647</u>
Net Assets at 31 December		334,801,601	487,967,647
LCH Section			
		2022	2021
		£	£
Investment Assets	Notes		
Bonds		176,748,868	329,453,070
Pooled investment vehicles	14	63,733,172	110,839,860
Reverse repurchase agreements receivable	16	29,519,438	47,095,279
AVC investments	18	186,251	206,931
Cash		109,279	108,179
Income receivable		890,653	760,961
		<u>271,187,661</u>	<u>488,464,280</u>
Investment Liabilities			
Repurchase agreements payable	16	(71,256,278)	(124,501,846)
Short sold bonds		(21,738,682)	(46,751,311)
		<u>(92,994,960)</u>	<u>(171,253,157)</u>
Net Investments		178,192,701	317,211,123
Current assets	22	3,199,320	4,134,305
Current liabilities	23	(385,356)	(128,735)
		<u>181,006,665</u>	<u>321,216,693</u>
Net Assets at 31 December		181,006,665	321,216,693
Total Scheme Net Assets at 31 December		515,808,266	809,184,340

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS)
AS AT 31 DECEMBER 2022

(continued)

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits, which fall due after the end of the Scheme year. The actuarial position of the Scheme, which does take account of such obligations, is covered in the Reports on Actuarial Liabilities on pages 6 to 8 of the annual report and these financial statements should be read in conjunction with them.

The notes on pages 21 to 45 form part of these financial statements.

The financial statements on pages 18 to 45 were approved on behalf of the Trustee by:

Trustee Director:

Trustee Director:

Date:

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. BASIS OF PREPARATION

The individual financial statements of London Stock Exchange Group Pension Scheme have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard (FRS) 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council (“FRS 102”) and the guidance set out in the Statement of Recommended Practice “Financial Reports of Pension Schemes” (revised June 2018) (“the SORP”).

2. IDENTIFICATION OF THE FINANCIAL STATEMENTS

The London Stock Exchange Group Pension Scheme is registered as a trust under English law. The address for enquiries is included in the Trustee’s Report.

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

3. COMPARATIVE DISCLOSURES FOR THE FUND ACCOUNT

	<i>LSE</i> <i>Section</i> <i>2021</i> <i>£</i>	<i>LCH</i> <i>Section</i> <i>2021</i> <i>£</i>	<i>Scheme</i> <i>2021</i> <i>£</i>
Contributions and Benefits			
Employer contributions	14,722,331	3,722,331	18,444,662
Other income	3,164	3,164	6,328
	<u>14,725,495</u>	<u>3,725,495</u>	<u>18,450,990</u>
Benefits paid or payable	(12,864,565)	(2,999,887)	(15,864,452)
Payments to and on account of leavers	(7,646,143)	(6,316,646)	(13,962,789)
Administrative expenses	(679,756)	(622,447)	(1,302,203)
	<u>(21,190,464)</u>	<u>(9,938,980)</u>	<u>(31,129,444)</u>
Net Withdrawals from Dealings with Members	<u>(6,464,969)</u>	<u>(6,213,485)</u>	<u>(12,678,454)</u>
Returns on Investments			
Investment income	1,772,930	1,135,787	2,908,717
Investment management expenses	(498,802)	(453,152)	(951,954)
Change in market value of investments	3,332,787	3,901,250	7,234,037
	<u>4,606,915</u>	<u>4,583,885</u>	<u>9,190,800</u>
Net Returns on Investments	<u>4,606,915</u>	<u>4,583,885</u>	<u>9,190,800</u>
Net Decrease in the Fund	(1,858,054)	(1,629,600)	(3,487,654)
Net Assets at 1 January	489,832,289	322,839,705	812,671,994
Transfers between sections	(6,588)	6,588	-
Net Assets at 31 December	<u>487,967,647</u>	<u>321,216,693</u>	<u>809,184,340</u>

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

4. ACCOUNTING POLICIES

The following principal accounting policies, which have been applied consistently, have been adopted in the preparation of the financial statements.

4.1 Contributions

Employer deficit funding and expenses contributions are accounted for in the period to which they relate in accordance with the Schedule of Contributions.

4.2 Other Income

All other income is accounted for on an accruals basis.

4.3 Payments to Members

- a) Pensions in payment are accounted for in the period to which they relate.
- b) Benefits are accounted for in the period in which the member notifies the Trustee of their decision on the type or amount of benefit to be taken, or if there is no member choice, on the date of retirement or leaving. Benefits taken are reported gross of any tax settled by the Scheme on behalf of the member.
- c) Individual transfers out are accounted for when member liability is discharged, which is normally when the transfer amount is paid.

4.4 Expenses

Both administrative and investment management expenses are accounted for on an accruals basis.

4.5 Investment Income

- a) Income from bonds is accounted for on an accruals basis and includes interest bought and sold on investment purchases and sales.
- b) Income from cash deposits is accounted for on an accruals basis.
- c) Income from Insurance policies is included within the sales proceeds of investments.

4.6 Critical Accounting Judgements and Estimation Uncertainty

Estimates and judgements are continually evaluated and are based on historical and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

4. ACCOUNTING POLICIES (continued)

4.7 Currency

- a) The Scheme's functional and presentational currency is Pounds Sterling (GBP).
- b) Assets and liabilities in foreign currencies are expressed in Sterling at the rates of exchange ruling at the year end.
- c) Foreign currency transactions are recorded in Sterling at the spot exchange rate at the date of the transaction.

4.8 Valuation of Investments

- a) Investments are included at fair value.
- b) Quoted securities in active markets, such as bonds, are usually valued at the current bid prices at the year end.
- c) Private equity investments which are not traded on active markets have been included at fair value based on the value advised by the Investment Manager at the year end.
- d) Unitised pooled investment vehicles have been valued at the latest available bid price or single price provided by the pooled Investment Manager at the year end. Shares in other pooled arrangements have been valued at the latest available net asset value (NAV), determined in accordance with fair value principles, provided by the Investment Manager at the year end.
- e) The market value of bonds excludes interest accrued between the last interest payment date and the year end, which is included within other investment balances.
- f) For repurchase agreements, the Scheme continues to recognise and value the securities that are delivered out as collateral, and includes them in the financial statements. The cash received is recognised as an asset and the obligation to pay it back is recognised as a payable amount.
- g) For reverse repurchase agreements, the Scheme does not recognise the securities received as collateral in its financial statements but does recognise the cash delivered to the counterparty as a receivable in the financial statements.
- h) AVC investments comprise policies of assurance. The value of these policies has been taken as their surrender values at the year end, as advised by the AVC providers.
- i) Insurance policies purchased in the name of the Trustee which provide the pension benefits for certain members have been valued by the Scheme Actuary at the amount of the related obligation, determined using the most recent Scheme Funding valuation assumptions updated for market conditions at the reporting date and adjusted on a cash basis.

4.9 Change in Market Value of Investments

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including any profits and losses realised on sales of investments during the year.

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

5. EMPLOYER CONTRIBUTIONS

	LSE	LCH	Scheme
	Section	Section	2022
	2022	2022	2022
	£	£	£
Deficit funding	14,000,000	-	14,000,000
Expenses	968,378	968,378	1,936,756
	14,968,378	968,378	15,936,756
	<i>LSE</i>	<i>LCH</i>	
	<i>Section</i>	<i>Section</i>	<i>Scheme</i>
	<i>2021</i>	<i>2021</i>	<i>2021</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Deficit funding	14,000,000	3,000,000	17,000,000
Expenses	722,331	722,331	1,444,662
	14,722,331	3,722,331	18,444,662

In accordance with the latest Schedule of Contributions certified by the Scheme Actuary on 31 March 2022, the Employer of the LSE Section will continue to pay annual deficit funding contributions after the year end of £14m on or before 31 December 2022, and a contingent contribution of £11.4m on or before 31 December 2023. In addition, the Employer reimburses the Scheme on at least an annual basis for the administration costs of the LSE Section.

In accordance with the latest Schedule of Contributions certified by the Scheme Actuary on 31 March 2022, no further deficit funding contributions are due to the LCH Section as it was fully funded as at 31 December 2020. In addition, the Employer reimburses the Scheme on at least an annual basis for the administration costs of the LCH Section.

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

6. TRANSFER IN

	LSE Section 2022 £	LCH Section 2022 £	Scheme 2022 £
Transfer in	-	183,516	183,516

The transfer in represents receipts from the L&G Master Trust to fund members' tax free cash lump sum.

7. OTHER INCOME

	LSE Section 2022 £	LCH Section 2022 £	Scheme 2022 £
Interest on cash held with Scheme Administrator	83,208	36,521	119,729

	<i>LSE</i> <i>Section</i> <i>2021</i> £	<i>LCH</i> <i>Section</i> <i>2021</i> £	<i>Scheme</i> <i>2021</i> £
Interest on cash held with Scheme Administrator	3,164	3,164	6,328

8. BENEFITS PAID OR PAYABLE

	LSE Section 2022 £	LCH Section 2022 £	Scheme 2022 £
Pensions	12,466,636	2,926,257	15,392,893
Commutations and lump sum retirement benefits	1,524,701	1,102,450	2,627,151
Death benefits	20,371	66,617	86,988
	14,011,708	4,095,324	18,107,032

	<i>LSE</i> <i>Section</i> <i>2021</i> £	<i>LCH</i> <i>Section</i> <i>2021</i> £	<i>Scheme</i> <i>2021</i> £
Pensions	11,896,961	2,779,556	14,676,517
Commutations and lump sum retirement benefits	898,458	203,270	1,101,728
Death benefits	69,146	14,282	83,428
Annual and lifetime allowance tax charges	-	2,779	2,779
	12,864,565	2,999,887	15,864,452

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

9. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	LSE	LCH	Scheme
	Section	Section	2022
	2022	2022	2022
	£	£	£
Individual transfers out to other schemes	<u>6,097,798</u>	<u>8,159,126</u>	<u>14,256,924</u>
	<i>LSE</i>	<i>LCH</i>	
	<i>Section</i>	<i>Section</i>	<i>Scheme</i>
	<i>2021</i>	<i>2021</i>	<i>2021</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Individual transfers out to other schemes	<u>7,646,143</u>	<u>6,316,646</u>	<u>13,962,789</u>

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

10. ADMINISTRATIVE EXPENSES

	LSE Section 2022 £	LCH Section 2022 £	Scheme 2022 £
Actuarial & consultancy	362,757	320,948	683,705
Legal	363,626	156,056	519,682
Administration	137,966	139,310	277,276
Covenant review	29,702	29,702	59,404
Trustee	43,217	41,490	84,707
Secretarial	30,978	30,978	61,956
Audit	26,084	26,084	52,168
Levies	6,462	5,025	11,487
Bank charges	2,581	302	2,883
	<u>1,003,373</u>	<u>749,895</u>	<u>1,753,268</u>
	<i>LSE</i> <i>Section</i> <i>2021</i> <i>£</i>	<i>LCH</i> <i>Section</i> <i>2021</i> <i>£</i>	<i>Scheme</i> <i>2021</i> <i>£</i>
Actuarial & consultancy	259,595	272,950	532,545
Legal	145,718	122,337	268,055
Administration	149,919	107,759	257,678
Covenant review	43,592	43,592	87,184
Trustee	30,744	30,702	61,446
Secretarial	18,137	18,137	36,274
Audit	15,000	15,000	30,000
Levies	16,426	11,005	27,431
Bank charges	625	965	1,590
	<u>679,756</u>	<u>622,447</u>	<u>1,302,203</u>

In accordance with the latest Schedules of Contributions certified by the Scheme Actuary on 31 March 2022, both the LSE and LCH Sections settle their administration expenses and then the Employer reimburses the Sections on at least an annual basis.

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

11. INVESTMENT INCOME

	LSE Section 2022 £	LCH Section 2022 £	Scheme 2022 £
Bond interest	1,283,044	2,337,045	3,620,089
Interest on repurchase agreements	<u>(1,445,064)</u>	<u>(971,708)</u>	<u>(2,416,772)</u>
	<u>(162,020)</u>	<u>1,365,337</u>	<u>1,203,317</u>
	<i>LSE</i> Section 2021 £	<i>LCH</i> Section 2021 £	<i>Scheme</i> 2021 £
Bonds	1,178,066	1,060,799	2,238,865
Interest on repurchase agreements	<u>594,864</u>	<u>74,988</u>	<u>669,852</u>
	<u>1,772,930</u>	<u>1,135,787</u>	<u>2,908,717</u>

12. INVESTMENT MANAGEMENT EXPENSES

	LSE Section 2022 £	LCH Section 2022 £	Scheme 2022 £
Administration, management & custody	261,988	200,871	462,859
Investment consultancy	207,788	207,787	415,575
Investment fee rebates	<u>(34,721)</u>	<u>(35,515)</u>	<u>(70,236)</u>
	<u>435,055</u>	<u>373,143</u>	<u>808,198</u>
	<i>LSE</i> Section 2021 £	<i>LCH</i> Section 2021 £	<i>Scheme</i> 2021 £
Administration, management & custody	350,411	299,122	649,533
Investment consultancy	190,950	190,950	381,900
Investment fee rebates	<u>(42,559)</u>	<u>(36,920)</u>	<u>(79,479)</u>
	<u>498,802</u>	<u>453,152</u>	<u>951,954</u>

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

13. RECONCILIATION OF INVESTMENTS

LSE Section

	Value at 1 January 2022 £	Purchases at Cost and Derivative Payments £	Sales Proceeds and Derivative Receipts £	Change in Market Value £	Value at 31 December 2022 £
Bonds	338,990,737	125,143,238	(215,907,222)	(78,949,396)	169,277,357
Pooled investment vehicles	139,113,944	88,040,524	(150,056,730)	(9,913,414)	67,184,324
Derivatives	-	11,087,248	-	(11,087,248)	-
Insurance policies	213,100,000	-	(10,323,629)	(46,076,371)	156,700,000
AVC investments	10,072,863	-	(1,247,342)	(481,249)	8,344,272
	<u>701,277,544</u>	<u>224,271,010</u>	<u>(377,534,923)</u>	<u>(146,507,678)</u>	<u>401,505,953</u>
Cash	100,501				100,706
Income receivable	941,119				963,774
Repurchase agreements	(138,472,489)				(40,101,097)
Short sold bonds	<u>(77,998,828)</u>				<u>(30,004,593)</u>
	<u>485,847,847</u>				<u>332,464,743</u>

LCH Section

	Value at 1 January 2022 £	Purchases at Cost and Derivative Payments £	Sales Proceeds and Derivative Receipts £	Change in Market Value £	Value at 31 December 2022 £
Bonds	329,453,070	111,027,633	(155,532,534)	(108,199,301)	176,748,868
Pooled investment vehicles	110,839,860	61,334,459	(98,588,216)	(9,852,931)	63,733,172
Derivatives	-	11,326,125	-	(11,326,125)	-
AVC investments	206,931	-	(12,745)	(7,935)	186,251
	<u>440,499,861</u>	<u>183,688,217</u>	<u>(254,133,495)</u>	<u>(129,386,292)</u>	<u>240,668,291</u>
Cash	108,179				109,279
Income receivable	760,961				890,653
Repurchase agreements	(77,406,567)				(41,736,840)
Short sold bonds	<u>(46,751,311)</u>				<u>(21,738,682)</u>
	<u>317,211,123</u>				<u>178,192,701</u>

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

13. RECONCILIATION OF INVESTMENTS (continued)

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

No direct transaction costs were incurred during the year.

Indirect transaction costs are incurred through bid-offer spread on investments within pooled investment vehicles. The amount of indirect costs are not separately provided to the Scheme.

14. POOLED INVESTMENT VEHICLES

The Scheme's investments in pooled investment vehicles at the year end comprised:

	LSE	LCH	Scheme
	Section	Section	2022
	2022	2022	2022
	£	£	£
Bonds	34,696,066	45,207,901	79,903,967
Diversified growth	9,079,479	11,378,629	20,458,108
Cash/Liquidity	7,356,353	7,146,642	14,502,995
Private equity	16,052,426	-	16,052,426
	<u>67,184,324</u>	<u>63,733,172</u>	<u>130,917,496</u>
	<i>LSE</i>	<i>LCH</i>	<i>Scheme</i>
	<i>Section</i>	<i>Section</i>	<i>2021</i>
	<i>2021</i>	<i>2021</i>	<i>2021</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Bonds	76,942,169	62,423,341	139,365,510
Diversified growth	32,998,686	41,957,652	74,956,338
Cash/Liquidity	14,162,583	6,458,867	20,621,450
Private equity	15,010,506	-	15,010,506
	<u>139,113,944</u>	<u>110,839,860</u>	<u>249,953,804</u>

LONDON STOCK EXCHANGE GROUP PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

15. DERIVATIVES

OTC swaps - The Trustee aims to match as far as possible the Liability Driven Investments portfolio and the Scheme's long term liabilities, in particular in relation to their sensitivities to interest rate movements.

The Trustee has entered into OTC swap contracts during the year that extend the duration of the fixed income portfolio to better match the long term liabilities of the Scheme. The derivatives are made up of Total Return Swaps.

16. REPURCHASE AGREEMENTS

Repurchase agreements are a form of short-term borrowing, where the Scheme has sold assets with the agreement to repurchase them at a fixed date and price. Reverse repurchase agreements are a form of short-term lending, where the Scheme has purchased assets with the agreement to resell at a fixed date and price. The amounts receivable/payable under these agreements as at 31 December were as follows:

	LSE Section 2022 £	LCH Section 2022 £	Scheme 2022 £
Repurchase agreements payable	(164,149,739)	(71,256,278)	(235,406,017)
Reverse repurchase agreements receivable	124,048,642	29,519,438	153,568,080
	<u>(40,101,097)</u>	<u>(41,736,840)</u>	<u>(81,837,937)</u>
	<i>LSE Section 2021 £</i>	<i>LCH Section 2021 £</i>	<i>Restated Scheme 2021 £</i>
Repurchase agreements payable	(216,714,627)	(124,501,846)	(341,216,473)
Reverse repurchase agreements receivable	78,242,138	47,095,279	125,337,417
	<u>(138,472,489)</u>	<u>(77,406,567)</u>	<u>(215,879,056)</u>

LSE Section

Bonds with a fair value of £TBC have been sold subject to repurchase contracts and therefore continue to be recognised in the financial statements. Bonds with a fair value of £TBC have been received as collateral in respect of reverse repurchase agreements are not recognised in the financial statements.

LCH Section

Bonds with a fair value of £TBC have been sold subject to repurchase contracts and therefore continue to be recognised in the financial statements. Bonds with a fair value of £TBC have been received as collateral in respect of reverse repurchase agreements and are not recognised in the financial statements.

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

17. INSURANCE POLICIES

	LSE	LCH	Scheme
	Section	Section	2022
	2022	2022	2022
	£	£	£
Pensions Insurance Corporation	150,200,000	-	150,200,000
Phoenix Life	6,500,000	-	6,500,000
	<u>156,700,000</u>	<u>-</u>	<u>156,700,000</u>
	<i>LSE</i>	<i>LCH</i>	<i>Scheme</i>
	<i>Section</i>	<i>Section</i>	<i>2021</i>
	<i>2021</i>	<i>2021</i>	<i>2021</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Pensions Insurance Corporation	206,600,000	-	206,600,000
Phoenix Life	6,500,000	-	6,500,000
	<u>213,100,000</u>	<u>-</u>	<u>213,100,000</u>

The insurance policy held with Pension Insurance Corporation relates to a Buy-In Policy purchased to pay pensions direct to members, and is valued by the Scheme Actuary at every Scheme year end. The value of the insurance policy is calculated by the Scheme Actuary as the amount of the related obligation, determined using the most recent Scheme funding valuation assumptions updated for market conditions at the reporting date and adjusted on a cash basis. This is consistent with Mercer's solvency basis, which provides an estimate of the cost of securing the benefits being valued with an insurance company via a buyout.

The insurance policy held with Phoenix Life is an annuity policy in the name of the Trustee which pays pensions direct to members and is valued by the Scheme Actuary every three years as part of the Scheme's triennial valuation.

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

18. AVC INVESTMENTS

The Trustee holds assets invested separately from the main fund in the form of individual insurance policies securing additional benefits for those members electing to pay additional voluntary contributions. The value of the AVC funds at the year end were as follows:

	LSE	LCH	Scheme
	Section	Section	2022
	2022	2022	2022
	£	£	£
BlackRock Life	5,365,286	-	5,365,286
Aviva Investors	2,594,626	-	2,594,626
Phoenix Life	384,360	-	384,360
ReAssure	-	158,098	158,098
Utmost Life	-	28,153	28,153
	<u>8,344,272</u>	<u>186,251</u>	<u>8,530,523</u>
	<i>LSE</i>	<i>LCH</i>	<i>Scheme</i>
	<i>Section</i>	<i>Section</i>	<i>2021</i>
	<i>2021</i>	<i>2021</i>	<i>2021</i>
	<i>£</i>	<i>£</i>	<i>£</i>
BlackRock Life	6,880,919	-	6,880,919
Aviva Investors	2,614,034	-	2,614,034
Phoenix Life	489,661	-	489,661
ReAssure	-	174,876	174,876
BNY Mellon	88,249	-	88,249
Utmost Life	-	32,055	32,055
	<u>10,072,863</u>	<u>206,931</u>	<u>10,279,794</u>

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
NOTES TO THE FINANCIAL STATEMENTS
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19. INVESTMENT FAIR VALUE HIERARCHY

The fair value of financial instruments has been determined using the following fair value hierarchy:

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The Scheme's investment assets have been fair valued at the year end using the above hierarchy categories as follows:

	Level 1 £	Level 2 £	Level 3 £	2022 £
LSE Section				
Bonds	169,277,357	-	-	169,277,357
Pooled investment vehicles	-	51,131,899	16,052,425	67,184,324
Insurance policies	-	-	156,700,000	156,700,000
AVC investments	-	8,344,272	-	8,344,272
Cash	100,706	-	-	100,706
Income receivable	963,774	-	-	963,774
Repurchase agreements	-	(40,101,097)	-	(40,101,097)
Short sold bonds	(30,004,593)	-	-	(30,004,593)
	<u>140,337,244</u>	<u>19,375,074</u>	<u>172,752,425</u>	<u>332,464,743</u>
LCH Section				
Bonds	176,748,868	-	-	176,748,868
Pooled investment vehicles	-	63,733,172	-	63,733,172
AVC investments	-	158,098	28,153	186,251
Cash	109,279	-	-	109,279
Income receivable	890,653	-	-	890,653
Repurchase agreements	-	(41,736,840)	-	(41,736,840)
Short sold bonds	(21,738,682)	-	-	(21,738,682)
	<u>156,010,118</u>	<u>22,154,430</u>	<u>28,153</u>	<u>178,192,701</u>
	<u>296,347,362</u>	<u>41,529,504</u>	<u>172,780,578</u>	<u>510,657,444</u>

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
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19. INVESTMENT FAIR VALUE HIERARCHY (continued)

	Level 1 £	Level 2 £	Level 3 £	2021 £
LSE Section				
Bonds	338,990,737	-	-	338,990,737
Pooled investment vehicles	-	124,103,438	15,010,506	139,113,944
Insurance policies	-	-	213,100,000	213,100,000
AVC investments	-	10,072,863	-	10,072,863
Cash	100,501	-	-	100,501
Income receivable	941,119	-	-	941,119
Repurchase agreements	-	(138,472,489)	-	(138,472,489)
Short sold bonds	(77,998,828)	-	-	(77,998,828)
	<u>262,033,529</u>	<u>(4,296,188)</u>	<u>228,110,506</u>	<u>485,847,847</u>
LCH Section				
Bonds	329,453,070	-	-	329,453,070
Pooled investment vehicles	-	110,839,860	-	110,839,860
AVC investments	-	174,876	32,055	206,931
Cash	108,179	-	-	108,179
Income receivable	760,961	-	-	760,961
Repurchase agreements	-	(77,406,567)	-	(77,406,567)
Short sold bonds	(46,751,311)	-	-	(46,751,311)
	<u>283,570,899</u>	<u>33,608,169</u>	<u>32,055</u>	<u>317,211,123</u>
	<u>545,604,428</u>	<u>29,311,981</u>	<u>228,142,561</u>	<u>803,058,970</u>

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
NOTES TO THE FINANCIAL STATEMENTS
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20. INVESTMENT RISK DISCLOSURES

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

Credit Risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market Risk comprises currency risk, interest rate risk and other price risk, defined as follows:

- **Currency Risk** is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- **Interest Rate Risk** is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- **Other Price Risk** is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Both Sections have exposure to these risks via the current investment strategies. The Trustee manages investment risk, including credit risk and market risk by having a well-diversified investment strategy and setting an overall risk budget, within guidelines which are set considering the Scheme's strategic investment objectives. The Trustee monitors these risks on a quarterly basis. The Trustee has adopted an appropriate investment strategy, which is set out in the Scheme's Statement of Investment Principles (SIP). This investment strategy considers advice from its advisers and due regard for the objectives, the liabilities of the Scheme, the risks of and to the Scheme and the Sponsor covenant.

Further information on these risks and the Trustee's approach to risk management is set out below. This does not include AVC investments, as these are not considered significant in relation to the overall investments of the Scheme.

The investment strategy of the LCH Section holds:

- 69% in Liability Driven Investments (LDI). These are investments that aim to move in line with the long-term liabilities of the LCH Section.
- 31% in return-seeking assets

The investment strategy of the LSE Section holds:

- 65% in Liability Driven Investment (LDI). These are investments that aim to move in line with the long-term liabilities of the LSE Section.
- 35% in return-seeking assets

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
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20. INVESTMENT RISK DISCLOSURES (continued)

Credit Risk

Both Sections of the Scheme are subject to direct credit risk because both Sections directly invest in bonds, over the counter (“OTC”) derivatives, have cash balances, enter into repurchase agreements and hold other investment balances. The Scheme is also directly exposed to credit risk in relation to the holdings in the pooled investment vehicles.

Direct credit risk in the segregated LDI portfolios are addressed by investing in government bonds where credit risk is minimal, and bonds are investment grade.

Cash within the LDI portfolios is held within funds which have an average credit rating that is investment grade.

Credit risk arising from pooled investment vehicles is mitigated by the majority of the bonds being investment grade rated. Credit risk arising on non-investment grade bonds held through pooled funds (e.g. in the Payden & Rygel Absolute Return Bond Fund) is mitigated through diversification of the underlying securities and through strong credit underwriting to minimise the likelihood and impact of default by any one issuer.

Credit risk arising on any derivatives depends on whether the derivative is exchange traded or OTC. OTC derivative contracts are not guaranteed by any regulated exchange and therefore the Fund is subject to risk of failure of the counterparty. The credit risk for OTC swaps is reduced by collateral arrangements. Credit risk also arises on forward foreign currency contracts. There are some collateral arrangements for these contracts. Schroders monitor the credit worthiness of the counterparties on an ongoing basis and are permitted to enter into a derivative contract with any counterparty they have deemed appropriate on behalf of the Scheme.

Direct credit risk arising from investing in pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements.

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
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20. INVESTMENT RISK DISCLOSURES (continued)

Credit Risk (continued)

A summary of pooled investment vehicles by type of arrangement is as follows:

LSE Section

Fund Manager	Fund Type
Man Diversified/Progressive Risk Premia Funds	Open Ended Investment Company (OEIC)
Oaktree Opportunities IX Fund	Cayman Island exempted limited partnership
Partners Group Real Estate Secondaries Fund	L.P. Inc
Payden & Rygel Absolute Return Bond Fund	Open Ended Investment Company (OEIC)
Permira Credit Solutions II – Senior Fund	Shares of Limited Liability Partnership
RLAM UK Long Corporate Bond Fund	Open Ended Investment Company (OEIC)
Ruffer Absolute Return Fund	Open Ended Investment Company (OEIC)

LCH Section

Fund Manager	Fund Type
Man Diversified/Progressive Risk Premia Funds	Open Ended Investment Company (OEIC)
Payden & Rygel Absolute Return Bond Fund	Open Ended Investment Company (OEIC)
RLAM UK Long Corporate Bond Fund	Open Ended Investment Company (OEIC)
Ruffer Absolute Return Fund	Open Ended Investment Company (OEIC)

Currency Risk

Both Sections of the Scheme are subject to currency risk because some of the underlying investments are exposed to overseas markets. Currency risk is addressed for both Sections through currency hedging. Pooled funds with overseas currency risk are typically fully currency hedged with exception of the Oaktree Opportunities IX Fund and the Partners Group Real Estate Secondaries Fund of the LSE Section as these are relatively small illiquid investments for which a currency hedged share classes do not exist. The Ruffer Absolute Return Fund, Man Progressive Diversified Risk Premia Fund and Payden & Rygel Absolute Return Bond Fund may take some currency risk as an active decision.

LONDON STOCK EXCHANGE GROUP PENSION SCHEME

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20. INVESTMENT RISK DISCLOSURES (continued)

Interest Rate and Inflation Risk

Both Sections of the Scheme are subject to interest rate and inflation risk both in terms of their assets and their liabilities. Both Sections' holdings in LDI, which include bonds, derivatives, repurchase agreements and cash, are designed to fully mitigate, as closely as possible, the liability interest rate and inflation risk by investing in assets/instruments that replicate the interest rate and inflation characteristics of the respective liabilities of both Sections.

If interest rates fall, the value of liability driven investments will rise to help match the increase in value of the actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, the liability driven investments will fall in value, as will the actuarial liabilities because of an increase in the discount rate.

If inflation rises, the value of liability driven investments will rise to help match the increase in actuarial liabilities. Similarly, if inflation falls, the liability driven investments will fall in value, as will the actuarial liabilities.

Other Price Risk

Other price risks arise on both Sections' investments in directly held equity and property-related funds or exposures held in pooled vehicles. Both Sections look to manage this exposure to overall price movements by constructing a diverse portfolio of investments across various markets.

The tables below show both Sections' fund exposure to each investment risk. These values estimate the amount by which the Schemes deficit might increase by in a 1-in-20 downside scenario:

LSE Section

	Exposure 2022 £	Exposure 2021 £
Investment Risk		
Interest rate	2,600,000	3,200,000
Inflation	500,000	1,100,000
Credit	4,400,000	8,600,000
Currency	1,700,000	2,100,000
Other price	1,700,000	3,800,000

LCH Section

	Exposure 2022 £	Exposure 2021 £
Investment Risk		
Interest rate	5,500,000	5,900,000
Inflation	1,800,000	2,100,000
Credit	3,100,000	6,000,000
Currency	300,000	1,200,000
Other price	1,100,000	4,200,000

The modelling approach to other price risk only includes the true diversification of other risks such as equity, commodity and property risk

The above figures are net of liabilities.

£m to 1 decimal place

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
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20. INVESTMENT RISK DISCLOSURES (continued)
LSE Section

The following table shows the investment holdings of the LSE Section at 31 December:

Investment Manager	2022 £m	2021 £m	Credit Risk	Currency Risk	Interest Rate Risk	Inflation Risk	Other Price Risk
Schroders Segregated LDI	107.6	137.7	✓		✓	✓	
RLAM UK Corporate Bond Fund	28.2	41.3	✓		✓	✓	
Payden & Rygel Absolute Return Bond Fund	6.5	35.7	✓		✓		
Man Progressive Diversified Risk Premia Fund	4.3	17.5			✓	✓	✓
Ruffer Absolute Return Fund	4.8	15.5	✓	✓	✓	✓	✓
Oaktree Opportunities IX Fund	8.1	6.4	✓	✓	✓		✓
Permira Credit Solutions II – Senior Fund	5.0	4.6	✓		✓		
Partners Group Real Estate Secondaries Fund	2.9	3.9		✓			✓

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
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20. INVESTMENT RISK DISCLOSURES (continued)
LCH Section

The following table shows the investment holdings of the LCH Section at 31 December:

Investment Manager	2022 £m	2021 £m	Credit Risk	Currency Risk	Interest Rate Risk	Inflation Risk	Other Price Risk
Schroders Segregated LDI	121.4	212.6	✓		✓	✓	
RLAM UK Long Corporate Bond Fund	21.5	31.5	✓		✓	✓	
Payden & Rygel Absolute Return Bond Fund	23.7	30.9	✓		✓		
Ruffer Absolute Return Fund	5.9	28.7	✓	✓	✓	✓	✓
Man Progressive Diversified Risk Premia Fund	5.5	13.3			✓	✓	✓

21. CONCENTRATION OF INVESTMENTS

The following investments each account for more than 5% of the Scheme's net assets at the year end:

	2022		2021	
	£	%	£	%
Pensions Insurance Corporation (LSE)	156,700,000	30.4	206,600,000	25.6
Royal London Long Corporate Bond Fund (LSE)	28,155,730	5.5	41,278,005	5.1

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
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22. CURRENT ASSETS

	LSE	LCH	Scheme
	Section	Section	2022
	2022	2022	2022
	£	£	£
Cash held by the Scheme Administrator	2,763,289	2,950,942	5,714,231
Contributions due from the Employer	368,378	248,378	616,756
	<u>3,131,667</u>	<u>3,199,320</u>	<u>6,330,987</u>
	<i>LSE</i>	<i>LCH</i>	<i>Scheme</i>
	<i>Section</i>	<i>Section</i>	<i>2021</i>
	<i>2021</i>	<i>2021</i>	<i>2021</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Cash held by the Scheme Administrator	<i>2,797,756</i>	<i>4,071,974</i>	<i>6,869,730</i>
Contributions due from the Employer	<i>122,331</i>	<i>62,331</i>	<i>184,662</i>
	<i><u>2,920,087</u></i>	<i><u>4,134,305</u></i>	<i><u>7,054,392</u></i>

Contributions due from the Employer were received after the year end in accordance with the Schedules of Contributions certified by the Scheme Actuary on 25 September and 19 December 2018.

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
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23. CURRENT LIABILITIES

	LSE Section 2022 £	LCH Section 2022 £	Scheme 2022 £
Pension reimbursements due to PIC	586,476	-	586,476
Administration fees due	101,625	97,326	198,951
PAYE due to HMRC	-	41,767	41,767
Investment fees due	82,676	71,662	154,338
Contributions received in advance	-	120,000	120,000
Benefits due	24,032	54,601	78,633
	<u>794,809</u>	<u>385,356</u>	<u>1,180,165</u>
	<i>LSE</i> Section 2021 £	<i>LCH</i> Section 2021 £	<i>Scheme</i> 2021 £
Pension reimbursements due to PIC	632,380	-	632,380
Administration fees due	151,657	70,917	222,574
PAYE due to HMRC	-	38,789	38,789
Investment fees due	16,250	16,250	32,500
AA/LTA Tax Charges due to HMRC	-	2,779	2,779
	<u>800,287</u>	<u>128,735</u>	<u>929,022</u>

24. RELATED PARTY TRANSACTIONS

Key Management Personnel

During the year one of the Trustee Directors, S Griffin and M Harries were pensioners of the Scheme. Their pension was paid in accordance with the Trust Deed and Rules. Trustee fees and expenses are paid for by the Scheme as shown in Note 9 to the financial statements.

25. EMPLOYER RELATED INVESTMENTS

Direct investments in the Employer are not permitted and there were none at any time during the year. As at 31 December 2022, the Scheme had less than 0.01% exposure to Employer related investments (indirectly, through equity indices).

26. TAXATION

The Scheme is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from income and capital gains tax.

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
NOTES TO THE FINANCIAL STATEMENTS
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27. CONTRACTUAL COMMITMENTS AND CONTINGENT LIABILITIES

GMP Equalisation

On 26 October 2018, the High Court ruled that benefits provided to members who had contracted out of their scheme must be recalculated to reflect the equalisation of state pension ages between 17 May 1990 and 6 April 1997. Following the ruling, it is expected that the Trustee will need to equalise guaranteed minimum pensions between men and women. This is likely to result in additional liabilities for the Scheme for equalisation of the benefits already crystallised e.g. historical transfers out, retirement benefits etc.

Subsequently, on 20 November 2020, the High Court issued a follow up judgment in respect of the Lloyds Banking Group ruling that any transfers out paid since 17 May 1990 must be potentially be increased to reflect additional liabilities arising from the equalisation of GMPs accrued between 17 May 1990 and 5 April 1997. This could potentially result in top-up payments to members but presents significant challenges for the Trustee and Scheme Administrator in terms of:

- Identifying transfers paid since 1990.
- Equalising the transfer payment.
- Tracking the relevant members and the arrangements they transferred to.

The Trustee is currently reviewing all options with its Scheme Advisers.

Investment Managers

At 31 December 2022 the LSE Section had contractual commitments of £2,878,616 (2021: £2,878,616) representing the funds committed but not yet invested with the Partners Group Real Estate, Oaktree Opportunities and Permira Credit Solutions Funds. The Scheme had no other contractual commitments or contingent liabilities as at 31 December 2022 (2021: Nil).

28. SUBSEQUENT EVENTS

With effect from 18 May 2023 all members (not already insured with Pension Insurance Corporation) are now insured with Standard Life.

In the opinion of the Trustee, there were no other material subsequent events after the Scheme's year end.

LONDON STOCK EXCHANGE GROUP PENSION SCHEME ACTUARIAL CERTIFICATES

Certification of the Schedule of Contributions – LSE Section

Adequacy of Rates of Contributions

1. I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the Statutory Funding Objective could have expected on 31 December 2021 to be met by the end of the period specified in the Recovery Plan, dated March 2022.

Adherence to Statement of Funding Principles

2. I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated March 2022.

The certification of the adequacy of the rates of contributions for the purpose of securing that the Statutory Funding Objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Section's liabilities by the purchase of annuities, if the Scheme were to be wound up.

Signature:	<i>Gordon Clark</i>
Scheme Actuary:	Gordon Clark
Qualification:	Fellow of the Institute and Faculty of Actuaries
Date of Signing:	31 March 2022
Employer:	Mercer Ltd Tower Place London EC3R 5BU

LONDON STOCK EXCHANGE GROUP PENSION SCHEME ACTUARIAL CERTIFICATES

Certification of the Schedule of Contributions – LCH Section

Adequacy of Rates of Contributions

1. I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the Statutory Funding Objective can be expected to continue to be met for the period for which the Schedule is to be in force.

Adherence to Statement of Funding Principles

2. I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated March 2022.

The certification of the adequacy of the rates of contributions for the purpose of securing that the Statutory Funding Objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Section's liabilities by the purchase of annuities, if the Scheme were to be wound up.

Signature:

Gordon Clark

Scheme Actuary:

Gordon Clark

Qualification:

Fellow of the Institute and Faculty of Actuaries

Date of Signing:

31 March 2022

Employer:

Mercer Ltd
Tower Place
London
EC3R 5BU

**LONDON STOCK EXCHANGE GROUP PENSION SCHEME
INDEPENDENT AUDITORS' STATEMENT ABOUT CONTRIBUTIONS
TO THE TRUSTEE OF LONDON STOCK EXCHANGE GROUP PENSION SCHEME
FOR THE YEAR ENDED 31 DECEMBER 2022**

Statement about contributions

Opinion

In our opinion, the contributions payable for the scheme year ended 31 December 2022 as reported in London Stock Exchange Group Pension Scheme's summary of contributions have, in all material respects, been paid in accordance with the schedules of contributions certified by the scheme actuary on 25 September 2018, 19 December 2018 and 31 March 2022.

We have examined London Stock Exchange Group Pension Scheme's summary of contributions for the scheme year ended 31 December 2022 which is set out on the following page.

Basis for opinion

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions have, in all material respects, been paid in accordance with the relevant requirements. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the scheme under the schedules of contributions, and the timing of those payments.

Responsibilities for the statement about contributions

Responsibilities of the trustee in respect of contributions

As explained more fully in the statement of trustee's responsibilities, the scheme's trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions and for monitoring whether contributions are made to the scheme by employers in accordance with relevant requirements.

Auditors' responsibilities in respect of the statement about contributions

It is our responsibility to provide a statement about contributions and to report our opinion to you.

Use of this report

This report, including the opinion, has been prepared for and only for the trustee as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
London

Date:

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
SUMMARY OF CONTRIBUTIONS PAYABLE
FOR THE YEAR ENDED 31 DECEMBER 2022

During the year ended 31 December 2022, the contributions payable to the Scheme were as follows:

	LSE Section 2022 £	LCH Section 2022 £	Scheme 2022 £
Employer - Deficit funding	<u>14,000,000</u>	-	<u>14,000,000</u>
Contributions required by the Schedules of Contributions (as reported on by the Scheme Auditors)			
Other Contributions:			
Employer - Expenses	<u>968,378</u>	<u>968,378</u>	<u>1,936,756</u>
Total contributions reported in the financial statements	<u>14,968,378</u>	<u>968,378</u>	<u>15,936,756</u>

Approved and signed for on behalf of the Trustee by:

Trustee Director:

Trustee Director

Date:

IMPLEMENTATION STATEMENT – VOTING AND ENGAGEMENT

1st January 2022 – 31st December 2022

London Stock Exchange Group Pension Scheme

Introduction

Under regulatory requirements, the Trustee is required to produce an annual Implementation Statement setting out how voting and engagement policies in the Statement of Investment Principles (the “SIP”) have been implemented.

This document has been prepared by the Trustee of the London Stock Exchange Group Pension Scheme (‘the Scheme’), covering the period 1 January 2022 to 31 December 2022.

The document looks to set out at a high level how the Trustee’s policy on stewardship and engagement has been implemented. Where relevant, the document describes the areas of the portfolio where the stewardship and engagement are most likely to be financially material. Disclosed is also the Trustee’s opinion on the outcomes of voting and engagement activity for managers that hold listed equities.

From 1 October 2022, further Department of Work and Pensions (“DWP”) guidance on the reporting of stewardship activities through Implementation Statements came into effect. This Statement aims to consider this guidance as the Trustee moves towards meeting the DWP’s updated stewardship expectations. This will be explored where possible, noting that since 31st December 2022, both Sections of the Scheme have entered into bulk annuity transactions to cover all the Scheme’s liabilities.

Changes to the SIP over the period

The SIP was updated in September 2022. The two key changes were:

- Updating the Strategic Asset Allocations (SAA’s) for each Section.
- Updating the period for the Trustee to assess the ability of each investment manager in engaging with underlying companies to promote the long-term success of the investments to annually. This will be further updated in June 2023 to account for the bulk annuities.

The Trustee’s policies on voting and engagement

The Trustee recognises that good stewardship practices, including engagement and voting activities are important as they help preserve and enhance asset owner value over the long term.

Direct engagement with underlying companies (as well as other relevant entities) of which the Trustee owns shares and debt is carried out by the Scheme’s investment managers.

The Trustee expects its investment managers to practice good stewardship. This includes monitoring and engaging with issuers of debt or equity on relevant matters such as performance, strategy, risks, capital structure, conflicts of interest and environmental, social or governance considerations, and using voting rights to effect the best possible long-term outcomes.

On a quarterly basis, one of the Scheme's investment managers is usually invited to attend a session at the Investment Committee meetings. During these sessions, the investment managers are asked to dedicate time towards outlining their ESG approach.

The Trustee's investment consultant assesses the ability of each investment manager in engaging with underlying companies in order to promote the long-term success of the investments, and reports to the Trustee annually covering how the investment managers have acted in line with this policy, via an annual Implementation Statement.

When selecting, monitoring and de-selecting asset managers, stewardship is factored into the decision-making process to the appropriate level for the specific asset class in question.

Engagement with relevant persons includes the exercise of rights (including voting rights) attaching to the Scheme's equity investments and which are exercised by the asset managers of the Scheme. The Trustee monitors and discloses the voting records of its managers on an annual basis.

Being cognisant of the DWP's updated guidance emphasising the need for asset owners to be more "active" in their approach to stewardship, the Trustee acknowledges the policy should be reviewed with a view to bringing it more in-line with the new guidance, where applicable considering the bulk annuity transactions for both Sections.

Implementing the Stewardship and Engagement Policy

The Trustee receives regular updates from the investment consultant on the investment managers' performance. The Trustee has also been notified whether there have been any changes to the investment consultant's overall ratings of the managers. This manager rating factors in an ESG assessment incorporating voting and engagement. This reporting is discussed at investment committee meetings together with whether the managers are performing in line with the Scheme's objectives. The Trustee meets with the investment managers when required to discuss relevant matters, including sustainable investment. Over the year the Trustee met with Man, Schroders, Oaktree, Partners Group, Ruffer and Payden & Rygel.

The following investment managers for the Scheme are signatories to the UK Stewardship Code: Schroders, Royal London Asset Management, Ruffer, Payden & Rygel, Man Group. None of the Scheme's managers have raised any matters of non-compliance with the principles of the UK Stewardship Code. There are no immediate concerns that the other investment managers used by the Scheme (Permira and Oaktree) are not signatories to the UK Stewardship Code. These managers all support the principles of the UK Stewardship Code but are not formal signatories. The Scheme's investment consultant will continue to engage with the Scheme's managers to improve and monitor their stewardship and engagement practices.

The Trustee proposed its own definition of what it considers to be a significant vote which has been used in this iteration of the Statement. The Trustee has asked the managers to provide significant votes in line with this definition. The managers voting statistics are summarised in the next section.

Looking ahead

It is the Trustee's belief that the policies set out in the SIP regarding the exercise of rights attaching to investments and the undertaking of engagement activities in respect of the investments has been followed over the year, to year end December 2022.

Over the next year, the Trustee plans to consider how best to meet the DWP's new expectation on stewardship and move to take more ownership of stewardship, as the new guidance expects. Changes to the Trustee's approach will be taken with regard to the Scheme's governance constraints and in the

best interest of the Scheme's members where applicable, considering the bulk annuity transactions for both Sections over the 2023 Scheme year.

Summary of voting over the year

The use of voting rights is most likely to be financially material in the sections of the portfolios where physical equities are held. Financially material considerations include (but are not limited to) those arising from Environmental, Social and Governance considerations, including climate change. Given that the vast majority of the Scheme's assets are invested with investment managers that hold gilts, derivative instruments, corporate bonds and other credit assets in their portfolios, voting is only relevant to the Man Progressive Diversified Risk Premia Fund, Ruffer Absolute Return Fund and the LSE Section's investment in the Oaktree Opportunities Fund IX. As these investments are made via pooled funds, where the investment manager is responsible for voting and engagement on the underlying assets rather than the Trustee, the Trustee's ability to influence voting activities undertaken is limited.

Over the Scheme year, voting activities by Man, Ruffer and Oaktree were on a fund wide basis and in accordance with the voting procedures set out in each manager's voting policy. The Trustee is not aware of any material departures from the managers' stated voting policies.

Given the nature of these mandates and the fact that voting activities were undertaken in line with the managers' policies, the Trustee is satisfied that the voting policies have all been adequately followed over the Scheme year.

A summary of voting by Man Progressive Diversified Risk Premia, Ruffer Absolute Return Fund and Oaktree Opportunities IX Fund on behalf of the Scheme over the year is provided in the tables below:

Voting Criteria	Ruffer	Man	Oaktree
Value of assets (as at 31 st Dec 2022) LSE Section & LCH Section combined	£10.7m	£9.8m	£8.1m
No of meetings eligible to vote during the period	83	698	10
No of resolutions eligible to vote during the period	1,456	8,054	41
% of resolutions voted on of which eligible	100.0%	97.7%	100%
% of resolutions voted with management	94.3%	85.5%	98%
% of resolutions voted against management	5.6%	14.1%	2%
% of resolutions abstained	0.1%	0.4%	0%
% of meetings with at least one vote against management	47.0%	51.0%	10%
% of resolutions where manager voted contrary to recommendation of proxy adviser?	6.5%	6.6%	N/A
Any use of proxy voting services during the period	Yes (ISS)	Yes (Glass Lewis)	No

*Figures may not sum to 100% due to rounding.

Summary of significant votes over the period:

Further to the above summary, the Trustee is required to disclose further information on the 'most significant' votes. The Scheme Trustee has considered a significant vote based on the following criteria across the Scheme's managers to show what the Scheme Trustee has proposed to be significant, rather than what managers deem significant.

Any votes that are applicable to at least one of the following are considered as significant to the Scheme Trustee:

- A vote which can be considered as relating to a company which is one of the fund's largest carbon emitters, if not available, then inclusion as one of the 166 CA100+ companies might provide a reasonable proxy.
- Those resolutions with large votes against (a 50% vote against the company recommendation is clearly significant, but 20% against is usually deemed a high level; but in some markets on some issues less than this can be significant).
- Companies facing campaigns: campaigns include but are not limited to activist action, attention from industry groupings and/or shareholder resolutions. That would certainly include climate shareholder resolutions (not least those flagged by The Institutional Investors Group on Climate Change 'IIGCC' and its equivalents around the world).
- A vote that has a positive steer on climate change or other ESG factors.

The Trustee has requested votes that meet this definition from the Scheme's managers. One vote meeting this definition from managers with voting rights, as previously defined, is shown in the table below for Ruffer and Man specifically. Oaktree has confirmed it does not currently take any "significant voting criteria" into consideration as part of its proxy voting process, as such they were unable to provide this information upon request.

The significant votes for Ruffer and Man are shown below:

	Ruffer	Man
Approximate size of fund's holding as % of portfolio	0	Not provided
Summary of resolution	Equinor Environmental - Approve Company's Energy Transition Plan	DTE Energy Co. Shareholder Proposal Regarding Integration of Full Scope 3 GHG Emissions
Managers Vote	For	For

<p>Rationale of decision</p>	<p>We voted for Equinor's transition plan because we are supportive of their efforts to decarbonise. Equinor is at the forefront of offshore wind developments, and we have been impressed by their business success in that area. We have engaged with the company and discussed their plan and disagree with ISS's assessment. Equinor are one of few companies who have been profitable in aiming to decarbonise and we will support that.</p>	<p>A key component of our ESG Proxy Voting Policy is shareholder proposals. Our policy is particularly supportive of positive environmental and social-related shareholder proposals and the Stewardship Team reviews all shareholder proposals to ensure that our voting instructions are appropriate and aligned with the promotion of higher ESG principles and standards. We think that active voting, particularly through shareholder proposals, is essential to our stewardship responsibilities.</p>
<p>Explanation of how this meets Trustee definition of a significant vote</p>	<p>A vote that has a positive steer on climate change or other ESG factors: "We believe this vote will be of particular interest to our clients. The management resolution aims to increase the transparency of the company's climate transition planning and outcomes."</p>	<p>A vote that has a positive steer on climate change or other ESG factors.</p>

Summary of engagement from the Scheme's managers over the year

As per the Scheme's SIP, The Trustee expects its investment managers to practice good stewardship. This includes monitoring and engaging with issuers of debt or equity on relevant matters such as performance, strategy, risks, capital structure, conflicts of interest and environmental, social or governance considerations, and using voting rights to effect the best possible long-term outcomes.

With this in mind, the Trustee has requested its relevant investment managers to provide examples of how they have engaged with underlying companies on the Trustee's behalf. The managers provided an overview of engagement activity and the Trustee selected examples for each manager that they have considered noteworthy.

To focus the engagement examples to those that are most relevant to the Trustee, the engagement examples from managers were collected with a focus on ESG or Stewardship themes.

Royal London Asset Management

Engagement Example:

Background: As part of the Net Zero Asset Managers initiative (NZAMi), RLAM has initially committed approximately 71% of our total assets under management (AUM) to be managed in line with net zero. Our primary engagement objective is to evaluate and influence companies, which represent 70% of RLAM's financed emissions, to adopt emissions reduction targets and climate transition plans that are reinforced by credible science-based methodologies. We have developed 12 indicators to help assess

companies' climate transition plans. Through this approach, we expect to influence real-economy decarbonisation that will in turn support RLAM's target of a 50% reduction in emissions by 2030.

Action: We have continued our work on net zero and client engagements. This quarter has seen RLAM become co-lead with CA100+ on both EDF and E.ON for which we have provided engagement examples below.

- **EDF** – RLAM is now co-lead within CA100+ on the engagement with EDF. After the announcement that EDF is to be nationalised, the company stated that the nationalisation process nor the energy crisis would impact the company's climate plans and they would still be accountable to the French Parliament on the delivery of their targets. The new CEO is supportive of the climate targets, with an apparent new focus on self-generation and energy decentralisation. The company is working to bring back reactors to recover the energy production in France, reducing the need for imports of coal and gas. We discussed in detail EDF's exposure to physical climate risk and gained more confidence on its adaptation plans.
- **E.ON** - RLAM is now co-lead within CA100+ on the engagement with E.ON. When meeting with E.ON we asked for reaffirmation of its 1.5°C targets, capex allocation and plans and to ensure a just transition. We also asked the company to do more proactive lobbying to tackle barriers to its plans in the context of shifting the energy policy environment in Europe. The company was receptive to the request of integrating climate considerations to its financial accounts and auditing report. RLAM provided E.ON. with a detailed slide pack showcasing examples of companies in the sector that provide quality disclosures on capital alignment. We obtained reassurance that the energy crisis and energy security concerns hadn't shifted the company's climate plans.

Man Group

Engagement Example:

Objective: To set and publish a strategy and short-, medium- and long-term targets to reduce the bank's exposure to fossil fuel assets on a timeline aligned with the goals of the Paris agreement.

Background: In October 2020, HSBC announced an ambition to be a net zero bank by 2050 at the latest. Although an important move, this announcement was seen critically by some investors and other stakeholders for making no commitment to reduce the bank's funding for fossil fuels, particularly coal.

Action: Man Group co-filed a shareholder resolution, together with 14 other institutional investors (representing \$2.4 trillion in assets under management) and 117 individual investors. The resolution, coordinated by responsible investment NGO, ShareAction, followed a long engagement process with the bank over its climate strategy and commitment. We participated in several open and constructive engagement meetings with the bank and expressed the need for tangible action on net zero targets, a robust coal financing policy and appropriate client transition strategies.

Outcome: As a result of the engagement and investor pressure, HSBC committed to ramp up its climate change policies and stop financing coal projects by 2040, proposing its own management-led resolution on climate change at its May AGM. Under this board-backed resolution, the bank committed to set science-based targets to align its financing of companies with the Paris Agreement, starting with oil, gas, power and utilities companies in 2021, and to report on the process of its climate change efforts on an annual basis. The coalition of investors and Share Action agreed to drop the shareholder resolution and back the bank's own resolution with the expectation that the bank followed through on its commitment with serious action.

Payden & Rygel

Engagement Example:

Issuer/ Type: AstraZeneca / Environmental

Background: This was our initial reach out to the firm on specific ESG topics. The engagement was led by our credit research team.

Outcome: We engaged management in discussions regarding both traditional financial factors and ESG topics. The ESG topics included:

- Environmental goals – 2 reports on ESG and a sustainability report
- Verified CO2 emissions – carbon neutral by 2026 (Scope 1&2); carbon negative by 2045.
- Ethics and transparency – 48% women in senior and middle management roles; no racial target goal on inclusion and diversity; ethnic minority for US employees.

Next steps of the engagement will include incremental conversations with managements to receive progress updates on emissions targeting and diversity plans going forward.

Partners Group

Engagement Example:

Objective: Asset with Project Fersen (a Secondary transaction investing in a tail-end liquidity solution for predominantly hotel and retail assets locations in Sweden and Finland):

Outcome: More recently, as part of a large capex plan in Norse (Fersen II) the following ESG-related renovations are being addressed:

- HVAC upgrades (air-conditioning system)
- LED lighting upgrades
- Installation of solar panels
- Installation of charging stations

These initiatives will result in lower operation charges for the tenants and a positive impact on both exit yield and overall liquidity of the assets.