



**LONDON STOCK EXCHANGE
GROUP PENSION SCHEME**

ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2021

SCHEME REGISTRATION NUMBER: 19020501

LONDON STOCK EXCHANGE GROUP PENSION SCHEME

CONTENTS

| | Page |
|---|----------------|
| Trustee and its Advisers | 1 - 2 |
| Trustee's Report | 3 - 14 |
| Independent Auditors' Report to the Trustee | 15 - 17 |
| Fund Account | 18 |
| Statement of Net Assets (Available for Benefits) | 19 - 20 |
| Notes to the Financial Statements | 21 - 49 |
| Actuarial Certificates | 50 - 51 |
| Independent Auditors' Statement about Contributions to the Trustee | 52 |
| Summary of Contributions Payable | 53 |
| Appendix – Implementation Statement | |

LONDON STOCK EXCHANGE GROUP PENSION SCHEME

TRUSTEE AND ITS ADVISERS

FOR THE YEAR ENDED 31 DECEMBER 2021

Trustee

LSEG Pension Trustees Ltd

Trustee Directors - Employer Nominated

BESTrustees Ltd – represented by C Redmond

N Bayley

D Bouwmeester

P Brine

Trustee Directors - Member Nominated

C Broad - Chair

S Griffin *

M Harries *

* Pensioner

Secretary to the Trustee

S Tutton

Principal Employer

London Stock Exchange Plc

Participating Employers

London Stock Exchange Plc - LSE Section

LCH Ltd - LCH Section

Actuary

G Clark F.I.A.

Mercer Ltd

Independent Auditors

PricewaterhouseCoopers LLP

Administrator

Premier Pensions Management Ltd

Banker

Clydesdale Bank Plc - trading as Virgin Money

Pension Consultant

Mercer Ltd

Investment Consultant

Redington Ltd

Investment Custodian

JP Morgan

LONDON STOCK EXCHANGE GROUP PENSION SCHEME

TRUSTEE AND ITS ADVISERS

FOR THE YEAR ENDED 31 DECEMBER 2021

Insurance Policy Providers

LSE Section

Pension Insurance Corporation

Phoenix Life

Investment Managers

LCH Section

AQR Capital Management (UK Services) Ltd (terminated 10 February 2021)

Man Group plc

Payden and Rygel Global Ltd

Royal London Asset Management Ltd

Ruffer LLP

Schroder Investment Management Ltd

LSE Section

AQR Capital Management (UK Services) Ltd (terminated 16 March 2021)

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

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 2021

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 2021. 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 49 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 £812,671,994 at 31 December 2020 to £809,184,340 at 31 December 2021.

LONDON STOCK EXCHANGE GROUP PENSION SCHEME

TRUSTEE'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021 | 10 | 759 | 1,093 | 1,862 |
| Adjustments | - | - | 4 | 4 |
| Retirements | - | (40) | 40 | - |
| Deaths | - | (1) | (35) | (36) |
| Transfers out | - | (27) | - | (27) |
| Trivial commutations | - | - | (4) | (4) |
| New spouses and dependants | - | - | 15 | 15 |
| Members at 31 December 2021 | 10 | 691 | 1,113 | 1,814 |

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 2021 | - | 619 | 211 | 830 |
| Retirements | - | (11) | 11 | - |
| Deaths | - | (1) | (2) | (3) |
| Transfers out | - | (8) | - | (8) |
| New spouses and dependants | - | - | 1 | 1 |
| Cessation of dependant pensions | - | - | (1) | (1) |
| Members at 31 December 2021 | - | 599 | 220 | 819 |

"In service" members are members who remain employed by LSE and were active as at 31 March 2012 (prior to the two Schemes merging into one sectionalized Scheme), when the LSE Section closed to future accrual and retained a salary link to their benefits.

The LSE Section pensioners are paid directly by Pension Insurance Corporation ("PIC"). Included within the pensioners shown in the above table at the year end were 146 spouses and dependants (2020: 142). As at 31 December 2021 910 of the pensioners were covered under an insurance policy also held with PIC (2020: 876). A further 82 pensioners (2020: 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 16 spouses and dependants (2020: 16).

These membership figures do not include movements notified to the Administrator after the completion of the annual renewal.

LONDON STOCK EXCHANGE GROUP PENSION SCHEME

TRUSTEE'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

Pension Increases

Pensions are increased on 1 April each year.

For the LSE Section, the increases to pensions in payment as at 1 April 2021 were as follows:

- Pre 2003 retirements: 3.0% (2020: 3.0%)
- Post 2003 retirements on pre 88 GMP: 0.0% (2020: 0.0%)
- Post 2003 retirements on Post 88 GMP: 0.5% (2020: 1.7%)
- Post 2003 retirements on benefits in excess of GMP: 3.0% (2020: 3.0%)

For the LCH Section, the increases to pension in payment as at 1 April 2021 were as follows:

- Pre April 1988 GMP: 0.0% (2020: 0.0%)
- GMP earned after April 1988: 0.5% (2020: 1.7%)
- Pre 6 April 1997 excess over GMP: 1.3% (2020: 2.1%)
- 6 April 1997 to 5 April 2005 pension: 1.3% (2020: 2.1%)
- 6 April 2005 to 5 April 2006 pension: 1.3% (2020: 2.1%)
- Pension accrued after 5 April 2006: 1.3% (2020: 2.1%)

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.

Recent Developments

Refinitiv Transaction

London Stock Exchange Group Plc completed its all share deal to acquire the Refinitiv business on 29 January 2021. There was no impact on the Trustee, the management of the Scheme or the benefits members receive from the Scheme as a result of this transaction.

Russia/Ukraine War

The Trustee has considered the impact of the current Russia/Ukraine war and does not believe there to be any material impact on the carrying values of the investments held, or on the ability of the Employer to continue to pay contributions.

LONDON STOCK EXCHANGE GROUP PENSION SCHEME

TRUSTEE'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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 member’s 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 “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. Scheme solvency can and does change where there are changes in share prices, gilt yields, or members live longer than expected.

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

TRUSTEE'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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. |

LONDON STOCK EXCHANGE GROUP PENSION SCHEME

TRUSTEE'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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 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 first of the above contributions due to the LSE Section was paid into the Scheme in November 2021. The Actuarial Certificates in relation to the Schedules of Contributions are shown on pages 50 and 51 of the Annual Report.

The annual funding updates carried out by the Scheme Actuary as at 31 December 2021, showed improved funding levels of 97% (LSE Section) and 107% (LCH Section).

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

LONDON STOCK EXCHANGE GROUP PENSION SCHEME

TRUSTEE'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021

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.

Investment Transitions

LSE Section

In March 2021, the LCH Section fully redeemed its £7.6m investment with the AQR Diversified Risk Premia Fund. These proceeds were reinvested into the Man Diversified Risk Premia Fund as an alternative implementation route for this asset class. In November 2021, the LSE Section de-risked by allowing its Equity Total Return Swap exposure with Schroders to expire, thereby terminating that allocation. This was synthetic equity exposure that was managed by Schroders as the LDI manager and, as such, any marginal proceeds were retained in the Schroders LDI mandate. In December 2021, the LSE Section also switched its investment in the Man Diversified Risk Premia Fund to the Man Progressive Diversified Risk Premia Fund to increase the sustainability focus of the allocation.

LCH Section

In February 2021, the LCH Section fully redeemed its £10.9m investment with the AQR Diversified Risk Premia Fund as part of a de-risking exercise. These proceeds were retained within the Schroders LDI portfolio. In a further de-risking exercise in July 2021, the LCH Section made partial disinvestments from Royal London Asset Management (£41.5m) and Ruffer (£3.6m), with the proceeds invested in the LDI portfolio. In December 2021, the LCH Section switched its investment in the Man Diversified Risk Premia Fund to the Man Progressive Diversified Risk Premia Fund to increase the sustainability focus of the allocation.

LONDON STOCK EXCHANGE GROUP PENSION SCHEME

TRUSTEE'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

Investment Matters (continued)

Asset Allocation

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

| | 2021 % | 2020 % | Benchmark % |
|--------------------------------|-----------|-----------|----------------|
| LSE Section | | | |
| Liability Driven Investments * | 53 | 51 | 56 |
| Return Seeking Investments ** | 47 | 49 | 44 |
| | 100 | 100 | 100 |
| LCH Section | | | |
| Liability Driven Investments | 67 | 51 | 68 |
| Return Seeking Investments ** | 33 | 49 | 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 2021 is shown below:

| | 1 Year % | 3 Years % (p.a.) |
|-------------|-------------|---------------------|
| LSE Section | 2.6 | 12.3 |
| LCH Section | 1.4 | 9.6 |

Performance figures are shown 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). Following the expiry of the equity total return swap in November, the annual management charges range from 0.06% p.a. to 1.6% p.a. The Scheme's Investment Consultant assists the Trustee in reviewing these fees periodically, to ensure they are competitive and in line with market practices.

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 2021, 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

FOR THE YEAR ENDED 31 DECEMBER 2021

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

FOR THE YEAR ENDED 31 DECEMBER 2021

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

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: 25 July 2022

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 2021

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 2021, 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 2021; 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 2021

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.

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 2021

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.

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: 25 July 2022

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
FUND ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2021

| | | LSE Section 2021 £ | LCH Section 2021 £ | Scheme 2021 £ | Scheme 2020 £ |
|---|-------------|-----------------------------|-----------------------------|---------------------|---------------------|
| Contributions and Benefits | Note | | | | |
| | s | | | | |
| Employer contributions | 5 | 14,722,331 | 3,722,331 | 18,444,662 | 18,425,743 |
| Other income | 6 | 3,164 | 3,164 | 6,328 | 10,592 |
| | | <u>14,725,495</u> | <u>3,725,495</u> | <u>18,450,990</u> | <u>18,436,335</u> |
| Benefits paid or payable | 7 | (12,864,565) | (2,999,887) | (15,864,452) | (16,113,982) |
| Payments to and on account of leavers | 8 | (7,646,143) | (6,316,646) | (13,962,789) | (18,854,095) |
| Administrative expenses | 9 | (679,756) | (622,447) | (1,302,203) | (1,573,849) |
| | | <u>(21,190,464)</u> | <u>(9,938,980)</u> | <u>(31,129,444)</u> | <u>(36,541,926)</u> |
| Net Withdrawals from Dealings With Members | | <u>(6,464,969)</u> | <u>(6,213,485)</u> | <u>(12,678,454)</u> | <u>(18,105,591)</u> |
| Returns on Investments | | | | | |
| Investment income | 10 | 1,772,930 | 1,135,787 | 2,908,717 | (7,619,083) |
| Investment management expenses | 11 | (498,802) | (453,152) | (951,954) | (1,096,002) |
| Change in market value of investments | 12 | 3,332,787 | 3,901,250 | 7,234,037 | 106,610,002 |
| Net Returns on Investments | | <u>4,606,915</u> | <u>4,583,885</u> | <u>9,190,800</u> | <u>97,894,917</u> |
| Net Increase/(Decrease) in the Fund | | <u>(1,858,054)</u> | <u>(1,629,600)</u> | <u>(3,487,654)</u> | <u>79,789,326</u> |
| Net Assets at 1 January | | 489,832,289 | 322,839,705 | 812,671,994 | 732,882,668 |
| Transfers between sections | | <u>(6,588)</u> | <u>6,588</u> | - | - |
| Net Assets at 31 December | | <u>487,967,647</u> | <u>321,216,693</u> | <u>809,184,340</u> | <u>812,671,994</u> |

The notes on pages 21 to 49 form part of these financial statements.

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS)
AS AT 31 DECEMBER 2021

| <i>LSE Section</i> | | 2021 | 2020 |
|---|--------------|----------------------|----------------------|
| | | £ | £ |
| Investment Assets | Notes | | |
| Bonds | | 338,990,737 | 313,471,964 |
| Pooled investment vehicles | 13 | 139,113,944 | 158,580,817 |
| Derivatives | 14 | - | 6,827,084 |
| Reverse repurchase agreements receivable | 15 | 78,242,138 | 105,416,382 |
| Insurance policies | 16 | 213,100,000 | 225,900,000 |
| AVC investments | 17 | 10,072,863 | 10,676,907 |
| Cash | | 100,501 | 406,496 |
| Income receivable | | 941,119 | 757,150 |
| | | <u>780,561,302</u> | <u>822,036,800</u> |
| Investment Liabilities | | | |
| Derivatives | 14 | - | (169,643) |
| Repurchase agreements payable | 15 | (216,714,627) | (224,167,379) |
| Short sold bonds | | (77,998,828) | (106,360,792) |
| | | <u>(294,713,455)</u> | <u>(330,697,814)</u> |
| Net Investments | | <u>485,847,847</u> | <u>491,338,986</u> |
| Current assets | 21 | 2,920,087 | 1,491,737 |
| Current liabilities | 22 | (800,287) | (2,998,434) |
| Net Assets at 31 December | | <u>487,967,647</u> | <u>489,832,289</u> |
| <i>LCH Section</i> | | 2021 | 2020 |
| | | £ | £ |
| Investment Assets | Notes | | |
| Bonds | | 329,453,070 | 353,980,451 |
| Pooled investment vehicles | 13 | 110,839,860 | 165,355,879 |
| Reverse repurchase agreements receivable | 15 | 47,095,279 | 110,760,800 |
| AVC investments | 17 | 206,931 | 566,728 |
| Cash | | 108,179 | 107,471 |
| Income receivable | | 760,961 | 868,831 |
| | | <u>488,464,280</u> | <u>631,640,160</u> |
| Investment Liabilities | | | |
| Repurchase agreements payable | 15 | (124,501,846) | (202,644,806) |
| Short sold bonds | | (46,751,311) | (110,481,970) |
| | | <u>(171,253,157)</u> | <u>(313,126,776)</u> |
| Net Investments | | <u>317,211,123</u> | <u>318,513,384</u> |
| Current assets | 21 | 4,134,305 | 4,843,775 |
| Current liabilities | 22 | (128,735) | (517,454) |
| Net Assets at 31 December | | <u>321,216,693</u> | <u>322,839,705</u> |
| Total Scheme Net Assets at 31 December | | <u>809,184,340</u> | <u>812,671,994</u> |

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS)
AS AT 31 DECEMBER 2021

(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 49 form part of these financial statements.

The financial statements on pages 18 to 49 were approved on behalf of the Trustee by:

Trustee Director:

Trustee Director:

Date: 25 July 2022

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021

3. COMPARATIVE DISCLOSURES FOR THE FUND ACCOUNT

| | | <i>LSE</i> | <i>LCH</i> | <i>Scheme</i> |
|---|--------------|---------------------|---------------------|---------------------|
| | | <i>Section</i> | <i>Section</i> | <i>2020</i> |
| | | <i>2020</i> | <i>2020</i> | <i>2020</i> |
| | | <i>£</i> | <i>£</i> | <i>£</i> |
| Contributions and Benefits | Notes | | | |
| Employer contributions | 5 | 14,801,050 | 3,624,693 | 18,425,743 |
| Other income | 6 | 5,296 | 5,296 | 10,592 |
| | | <u>14,806,346</u> | <u>3,629,989</u> | <u>18,436,335</u> |
| Benefits paid or payable | 7 | (12,441,602) | (3,672,380) | (16,113,982) |
| Payments to and on account of leavers | 8 | (9,054,884) | (9,799,211) | (18,854,095) |
| Administrative expenses | 9 | (775,009) | (798,840) | (1,573,849) |
| | | <u>(22,271,495)</u> | <u>(14,270,431)</u> | <u>(36,541,926)</u> |
| Net Withdrawals from Dealings With Members | | <u>(7,465,149)</u> | <u>(10,640,442)</u> | <u>(18,105,591)</u> |
| Returns on Investments | | | | |
| Investment income | 10 | (2,080,104) | (5,538,979) | (7,619,083) |
| Investment management expenses | 11 | (561,411) | (534,591) | (1,096,002) |
| Change in market value of investments | 12 | 53,813,742 | 52,796,260 | 106,610,002 |
| Net Returns on Investments | | <u>51,172,227</u> | <u>46,722,690</u> | <u>97,894,917</u> |
| Net Increase in the Fund | | 43,707,078 | 36,082,248 | 79,789,326 |
| Net Assets at 1 January | | <u>446,125,211</u> | <u>286,757,457</u> | <u>732,882,668</u> |
| Net Assets at 31 December | | <u>489,832,289</u> | <u>322,839,705</u> | <u>812,671,994</u> |

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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 and other investments 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 2021

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) Derivatives are stated at fair value:
 - i) Over the counter swap contracts are valued using the current value of future cash flows arising from the swap determined using discounted cash flow models and market data as the year end.
 - ii) Over the counter forward foreign exchange contracts are valued using the gain or loss that would arise from closing out the contract at the year end by entering into an equal and opposite contract at that date.
- g) 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.
- h) 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.
- i) 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.

LONDON STOCK EXCHANGE GROUP PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

4. ACCOUNTING POLICIES (continued)

4.8 Valuation of Investments (continued)

- j) 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.

5. EMPLOYER CONTRIBUTIONS

| | LSE Section 2021 £ | LCH Section 2021 £ | Scheme 2021 £ |
|-----------------|---------------------------------------|---------------------------------------|------------------------------|
| Deficit funding | 14,000,000 | 3,000,000 | 17,000,000 |
| Expenses | <u>722,331</u> | <u>722,331</u> | <u>1,444,662</u> |
| | <u>14,722,331</u> | <u>3,722,331</u> | <u>18,444,662</u> |
| | <i>LSE Section 2020 £</i> | <i>LCH Section 2020 £</i> | <i>Scheme 2020 £</i> |
| Deficit funding | 14,000,000 | 3,000,000 | 17,000,000 |
| Expenses | <u>801,050</u> | <u>624,693</u> | <u>1,425,743</u> |
| | <u>14,801,050</u> | <u>3,624,693</u> | <u>18,425,743</u> |

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 up to £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 2021

6. OTHER INCOME

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

| | LSE Section 2020 £ | LCH Section 2020 £ | Scheme 2020 £ |
|---|-----------------------------|-----------------------------|---------------------|
| Interest on cash held with Scheme Administrator | <u>5,296</u> | <u>5,296</u> | <u>10,592</u> |

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

7. BENEFITS PAID OR PAYABLE

| | LSE Section 2021 £ | LCH Section 2021 £ | Scheme 2021 £ |
|---|---------------------------------------|---------------------------------------|------------------------------|
| 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 |
| | <u>12,864,565</u> | <u>2,999,887</u> | <u>15,864,452</u> |
| | <i>LSE Section 2020 £</i> | <i>LCH Section 2020 £</i> | <i>Scheme 2020 £</i> |
| Pensions | 11,325,223 | 2,696,948 | 14,022,171 |
| Commutations and lump sum retirement benefits | 1,102,286 | 856,807 | 1,959,093 |
| Death benefits | - | 118,625 | 118,625 |
| Annual and lifetime allowance tax charges | 14,093 | - | 14,093 |
| | <u>12,441,602</u> | <u>3,672,380</u> | <u>16,113,982</u> |

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

8. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

| | LSE | LCH | Scheme |
|---|-------------------------|-------------------------|--------------------------|
| | Section | Section | 2021 |
| | 2021 | 2021 | 2021 |
| | £ | £ | £ |
| Individual transfers out to other schemes | <u>7,646,143</u> | <u>6,316,646</u> | <u>13,962,789</u> |
| | <i>LSE</i> | <i>LCH</i> | <i>Scheme</i> |
| | <i>Section</i> | <i>Section</i> | <i>2020</i> |
| | <i>2020</i> | <i>2020</i> | <i>2020</i> |
| | <i>£</i> | <i>£</i> | <i>£</i> |
| Individual transfers out to other schemes | <u><i>9,054,884</i></u> | <u><i>9,799,211</i></u> | <u><i>18,854,095</i></u> |

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

9. ADMINISTRATIVE EXPENSES

| | LSE Section 2021 £ | LCH Section 2021 £ | Scheme 2021 £ |
|-------------------------|---|---|--|
| 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> |
| | <i>LSE</i> <i>Section</i> <i>2020</i> <i>£</i> | <i>LCH</i> <i>Section</i> <i>2020</i> <i>£</i> | <i>Scheme</i> <i>2020</i> <i>£</i> |
| Actuarial & consultancy | 290,012 | 315,107 | 605,119 |
| Legal | 152,453 | 186,160 | 338,613 |
| Administration | 101,323 | 106,807 | 208,130 |
| Covenant review | 110,847 | 91,712 | 202,559 |
| Trustee | 60,598 | 38,901 | 99,499 |
| Secretarial | 28,789 | 25,995 | 54,784 |
| Audit | 15,000 | 15,000 | 30,000 |
| Levies | 15,169 | 18,122 | 33,291 |
| Bank charges | 818 | 1,036 | 1,854 |
| | <u>775,009</u> | <u>798,840</u> | <u>1,573,849</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 2021

10. INVESTMENT INCOME

| | LSE Section 2021 £ | LCH Section 2021 £ | Scheme 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> |
| | <i>LSE</i> <i>Section</i> <i>2020</i> <i>£</i> | <i>LCH</i> <i>Section</i> <i>2020</i> <i>£</i> | <i>Scheme</i> <i>2020</i> <i>£</i> |
| Bonds | 600,315 | 448,673 | 1,048,988 |
| Cash deposits | 689 | 2,335 | 3,024 |
| Interest on repurchase agreements | <u>(2,681,108)</u> | <u>(5,989,987)</u> | <u>(8,671,095)</u> |
| | <u>(2,080,104)</u> | <u>(5,538,979)</u> | <u>(7,619,083)</u> |

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

11. INVESTMENT MANAGEMENT EXPENSES

| | LSE Section 2021 £ | LCH Section 2021 £ | Scheme 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> |
| | <i>LSE</i> <i>Section</i> <i>2020</i> <i>£</i> | <i>LCH</i> <i>Section</i> <i>2020</i> <i>£</i> | <i>Scheme</i> <i>2020</i> <i>£</i> |
| Administration, management & custody | 396,911 | 404,778 | 801,689 |
| Investment consultancy | 164,500 | 164,500 | 329,000 |
| Investment fee rebates | <u>-</u> | <u>(34,687)</u> | <u>(34,687)</u> |
| | <u>561,411</u> | <u>534,591</u> | <u>1,096,002</u> |

LONDON STOCK EXCHANGE GROUP PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

12. RECONCILIATION OF INVESTMENTS

LSE Section

| | Value at 1 January 2021 £ | Purchases at Cost and Derivative Payments £ | Sales Proceeds and Derivative Receipts £ | Change in Market Value £ | Value at 31 December 2021 £ |
|-------------------------------|------------------------------------|---|--|-----------------------------------|--------------------------------------|
| Bonds | 313,471,964 | 1,080,382,242 | (1,051,642,983) | (3,220,486) | 338,990,737 |
| Pooled investment vehicles | 158,580,817 | 74,715,034 | (101,013,741) | 6,831,834 | 139,113,944 |
| Derivatives | 6,657,441 | 128,885 | (9,479,565) | 2,693,239 | - |
| Insurance policies | 225,900,000 | - | (10,128,740) | (2,671,260) | 213,100,000 |
| AVC investments | 10,676,907 | - | (303,504) | (300,540) | 10,072,863 |
| | <u>715,287,129</u> | <u>1,155,226,161</u> | <u>(1,172,568,533)</u> | <u>3,332,787</u> | <u>701,277,544</u> |
| Cash | 406,496 | | | | 100,501 |
| Income receivable | 757,150 | | | | 941,119 |
| Repurchase agreements | (118,750,997) | | | | (138,472,489) |
| Short sold bonds | <u>(106,360,792)</u> | | | | <u>(77,998,828)</u> |
| | <u>491,338,986</u> | | | | <u>485,847,847</u> |

LCH Section

| | Value at 1 January 2021 £ | Purchases at Cost and Derivative Payments £ | Sales Proceeds and Derivative Receipts £ | Change in Market Value £ | Value at 31 December 2021 £ |
|-------------------------------|------------------------------------|---|--|-----------------------------------|--------------------------------------|
| Bonds | 353,980,451 | 783,896,908 | (807,966,169) | (458,120) | 329,453,070 |
| Pooled investment vehicles | 165,355,879 | 46,511,869 | (105,222,397) | 4,194,509 | 110,839,860 |
| Derivatives | - | - | (149,364) | 149,364 | - |
| AVC investments | 566,728 | - | (375,294) | 15,497 | 206,931 |
| | <u>519,903,058</u> | <u>830,408,777</u> | <u>(913,713,224)</u> | <u>3,901,250</u> | <u>440,499,861</u> |
| Cash | 107,471 | | | | 108,179 |
| Income receivable | 868,831 | | | | 760,961 |
| Repurchase agreements | (91,884,006) | | | | (77,406,567) |
| Short sold bonds | <u>(110,481,970)</u> | | | | <u>(46,751,311)</u> |
| | <u>318,513,384</u> | | | | <u>317,211,123</u> |

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

12. 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. Following de-risking of the LCH Section in June 2021, the partial redemption from the Royal London Asset Management Ltd Fund led to transaction costs being incurred of £318,000.

13. POOLED INVESTMENT VEHICLES

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

| | LSE Section 2021 £ | LCH Section 2021 £ | Scheme 2021 £ |
|--------------------|---------------------------------------|---------------------------------------|------------------------------|
| 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> |
| | <i>LSE Section 2020 £</i> | <i>LCH Section 2020 £</i> | <i>Scheme 2020 £</i> |
| Bonds | 77,571,050 | 105,349,861 | 182,920,911 |
| Diversified growth | 28,115,556 | 50,764,626 | 78,880,182 |
| Cash/Liquidity | 35,513,958 | 9,241,392 | 44,755,350 |
| Private equity | 17,380,253 | - | 17,380,253 |
| | <u>158,580,817</u> | <u>165,355,879</u> | <u>323,936,696</u> |

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

14. 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.

Forward foreign exchange - In order to maintain appropriate diversification of investments within the portfolio and take advantage of overseas investment returns, a proportion of the underlying investment portfolio is invested overseas. To balance the risk of investing in foreign currencies whilst having an obligation to settle benefits in Sterling, a currency hedging programme, using forward foreign exchange contracts, has been put in place to reduce the currency exposure of these overseas investments to the targeted level.

LSE Section

| | Assets £ | Liabilities £ | Total £ |
|-------------|---------------------|--------------------------|--------------------|
| 2021 | - | - | - |
| <i>2020</i> | <i>6,827,084</i> | <i>(169,643)</i> | <i>6,657,441</i> |

LCH Section

| | Assets £ | Liabilities £ | Total £ |
|-------------|---------------------|--------------------------|--------------------|
| 2021 | - | - | - |
| <i>2020</i> | - | - | - |

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

14. DERIVATIVES (continued)

OTC Swaps

Collateral pledged under derivative contracts totalled £Nil (2020: £2,478,688) and consisted of UK gilts and index linked gilts. Collateral held totalled £Nil (2020: £10,832,134) and consisted of UK gilts, index linked gilts and cash. A summary of the Scheme's outstanding derivative contracts at the year end is set out below:

| Section | No of Contracts | Expiration | Notional £ | Assets £ | Liabilities £ | Total £ |
|--------------------|-----------------|-----------------|-------------------|------------------|------------------|------------------|
| Scheme 2021 | - | - | - | - | - | - |
| <i>Scheme 2020</i> | <i>11</i> | <i>1-40 Yrs</i> | <i>68,126,728</i> | <i>6,827,084</i> | - | <i>6,827,084</i> |

Forward Foreign Exchange

| Section | No of Contracts | Expiration | Currency Bought | Currency Sold | Assets £ | Liabilities £ | Total £ |
|--------------------|-----------------|--------------------|-----------------|---------------|-------------|------------------|------------------|
| Scheme 2021 | - | - | - | - | - | - | - |
| <i>Scheme 2020</i> | <i>21</i> | <i><1 Month</i> | - | - | - | <i>(169,643)</i> | <i>(169,643)</i> |

LONDON STOCK EXCHANGE GROUP PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

15. 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 2021 £ | LCH Section 2021 £ | Scheme 2021 £ |
|--|-----------------------------|-----------------------------|----------------------|
| Repurchase agreements payable | (216,714,627) | (124,501,846) | (341,216,473) |
| Reverse repurchase agreements receivable | <u>78,242,138</u> | <u>47,095,279</u> | <u>125,337,417</u> |
| | <u>(138,472,489)</u> | <u>(77,406,567)</u> | <u>(215,879,056)</u> |
| | LSE Section 2020 £ | LCH Section 2020 £ | Scheme 2020 £ |
| Repurchase agreements payable | (224,167,379) | (202,644,806) | (426,812,185) |
| Reverse repurchase agreements receivable | <u>105,416,382</u> | <u>110,760,800</u> | <u>216,177,182</u> |
| | <u>(118,750,997)</u> | <u>(91,884,006)</u> | <u>(210,635,003)</u> |

LSE Section

Bonds with a fair value of £133,761,010 have been sold subject to repurchase contracts and therefore continue to be recognised in the financial statements. Bonds with a fair value of £74,237,000 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 £77,073,600 have been sold subject to repurchase contracts and therefore continue to be recognised in the financial statements. Bonds with a fair value of £44,464,000 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 2021

16. INSURANCE POLICIES

| | LSE Section 2021 £ | LCH Section 2021 £ | Scheme 2021 £ |
|-------------------------------|---------------------------------------|---------------------------------------|------------------------------|
| Pension 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> |
| | <i>LSE Section 2020 £</i> | <i>LCH Section 2020 £</i> | <i>Scheme 2020 £</i> |
| Pension Insurance Corporation | <i>219,400,000</i> | - | <i>219,400,000</i> |
| Phoenix Life | <i>6,500,000</i> | - | <i>6,500,000</i> |
| | <i><u>225,900,000</u></i> | <i><u>-</u></i> | <i><u>225,900,000</u></i> |

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 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. 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 2021

17. 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 | 2021 |
| | 2021 | 2021 | 2021 |
| | £ | £ | £ |
| 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> |

| | <i>LSE</i> | <i>LCH</i> | <i>Scheme</i> |
|-----------------|-------------------|----------------|-------------------|
| | <i>Section</i> | <i>Section</i> | <i>2020</i> |
| | <i>2020</i> | <i>2020</i> | <i>2020</i> |
| | <i>£</i> | <i>£</i> | <i>£</i> |
| BlackRock Life | 6,736,644 | - | 6,736,644 |
| Aviva Investors | 3,076,842 | - | 3,076,842 |
| Phoenix Life | 778,823 | - | 778,823 |
| ReAssure | - | 541,200 | 541,200 |
| BNY Mellon | 84,598 | - | 84,598 |
| Utmost Life | - | 25,528 | 25,528 |
| | <u>10,676,907</u> | <u>566,728</u> | <u>11,243,635</u> |

LONDON STOCK EXCHANGE GROUP PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

18. 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 of 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 | 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) |
| | 262,033,529 | (4,296,188) | 228,110,506 | 485,847,847 |
| 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) |
| | 283,570,899 | 33,608,169 | 32,055 | 317,211,123 |
| | 545,604,428 | 29,311,981 | 228,142,561 | 803,058,970 |

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

18. INVESTMENT FAIR VALUE HIERARCHY (continued)

| | Level 1 £ | Level 2 £ | Level 3 £ | 2020 £ |
|----------------------------|--------------------|--------------------|--------------------|--------------------|
| LSE Section | | | | |
| Bonds | 313,471,964 | - | - | 313,471,964 |
| Pooled investment vehicles | - | 141,200,564 | 17,380,253 | 158,580,817 |
| Derivatives | - | 6,657,441 | - | 6,657,441 |
| Insurance policies | - | - | 225,900,000 | 225,900,000 |
| AVC investments | - | 10,676,907 | - | 10,676,907 |
| Cash | 406,496 | - | - | 406,496 |
| Income receivable | 757,150 | - | - | 757,150 |
| Repurchase agreements | - | (118,750,997) | - | (118,750,997) |
| Short sold bonds | (106,360,792) | - | - | (106,360,792) |
| | <u>208,274,818</u> | <u>39,783,915</u> | <u>243,280,253</u> | <u>491,338,986</u> |
| LCH Section | | | | |
| Bonds | 353,980,451 | - | - | 353,980,451 |
| Pooled investment vehicles | - | 165,355,879 | - | 165,355,879 |
| AVC investments | - | 541,200 | 25,528 | 566,728 |
| Cash | 107,471 | - | - | 107,471 |
| Income receivable | 868,831 | - | - | 868,831 |
| Repurchase agreements | - | (91,884,006) | - | (91,884,006) |
| Short sold bonds | (110,481,970) | - | - | (110,481,970) |
| | <u>244,474,783</u> | <u>74,013,073</u> | <u>25,528</u> | <u>318,513,384</u> |
| | <u>452,749,601</u> | <u>113,796,988</u> | <u>243,305,781</u> | <u>809,852,370</u> |

LONDON STOCK EXCHANGE GROUP PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

19. 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:

- 67% in Liability Driven Investments (LDI). These are investments that aim to move in line with the long-term liabilities of the LCH Section.
- 33% in return-seeking assets

The investment strategy of the LSE Section holds:

- 53% in Liability Driven Investment (LDI). These are investments that aim to move in line with the long-term liabilities of the LSE Section.
- 47% in return-seeking assets

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

19. 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

19. 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 |
|--|--|
| AQR Diversified Risk Premia Fund (terminated 16 March 2021) | Open Ended Investment Company (OEIC) |
| 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 Partnerships |
| 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 |
|---|--------------------------------------|
| AQR Diversified Risk Premia Fund (terminated 10 February 2021) | Open Ended Investment Company (OEIC) |
| 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 investments are held in overseas markets via pooled investment vehicles. Currency risk is addressed for both Sections through currency hedging. All overseas investments are 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 currency hedged share classes do not exist. The Ruffer Absolute Return Fund may take some currency risk as an active decision.

LONDON STOCK EXCHANGE GROUP PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

19. INVESTMENT RISK DISCLOSURES (continued)

Interest Rate 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, repurchase agreements and cash, are designed to address a portion of 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 LDI 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 LDI 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 2021 £ | Exposure 2020 £ |
|------------------------|-----------------------|-----------------------|
| Investment Risk | | |
| Interest rate | 3,200,000 | 1,500,000 |
| Inflation | 1,100,000 | 500,000 |
| Credit | 8,600,000 | 7,700,000 |
| Currency | 2,100,000 | 2,000,000 |
| Other price | 3,800,000 | 7,300,000 |

LCH Section

| | Exposure 2021 £ | Exposure 2020 £ |
|------------------------|-----------------------|-----------------------|
| Investment Risk | | |
| Interest rate | 5,900,000 | 2,700,000 |
| Inflation | 2,100,000 | 800,000 |
| Credit | 6,000,000 | 9,200,000 |
| Currency | 1,200,000 | 1,100,000 |
| Other price | 4,200,000 | 4,800,000 |

i) The above figures are net of liabilities.

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

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

19. INVESTMENT RISK DISCLOSURES (continued)

LSE Section

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

| Investment Manager | 2021 £m | 2020 £m | Credit Risk | Currency Risk | Interest Rate Risk | Inflation Risk | Other Price Risk |
|--|--------------------|--------------------|------------------------|--------------------------|-------------------------------|---------------------------|-----------------------------|
| Schroders Segregated LDI | 137.7 | 130.3 | ✓ | | ✓ | ✓ | |
| RLAM UK Corporate Bond Fund | 41.3 | 42.2 | ✓ | | ✓ | ✓ | |
| Payden & Rygel Absolute Return Bond Fund | 35.7 | 35.3 | ✓ | | ✓ | | |
| Man Progressive Diversified Risk Premia Fund | 17.5 | - | | | ✓ | ✓ | ✓ |
| Ruffer Absolute Return Fund | 15.5 | 14.1 | ✓ | ✓ | ✓ | ✓ | ✓ |
| Oaktree Opportunities IX Fund | 6.4 | 5.5 | ✓ | ✓ | ✓ | | ✓ |
| Permira Credit Solutions II – Senior Fund | 4.6 | 7.5 | ✓ | | ✓ | | |
| Partners Group Real Estate Secondaries Fund | 4.0 | 4.4 | | ✓ | | | ✓ |
| AQR Diversified Risk Premia | - | 6.9 | | | ✓ | ✓ | ✓ |
| Man Diversified Risk Premia Fund | - | 7.1 | | | ✓ | ✓ | ✓ |
| Schroders Synthetic Global Equity Portfolio | - | 1.4 | | | | | ✓ |

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

19. INVESTMENT RISK DISCLOSURES (continued)

LCH Section

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

| Investment Manager | 2021 £m | 2020 £m | Credit Risk | Currency Risk | Interest Rate Risk | Inflation Risk | Other Price Risk |
|--|------------|------------|----------------|------------------|-----------------------|-------------------|---------------------|
| Schroders Segregated LDI | 212.6 | 161.8 | ✓ | | ✓ | ✓ | |
| RLAM UK Long Corporate Bond Fund | 31.5 | 74.7 | ✓ | | ✓ | ✓ | |
| Payden & Rygel Absolute Return Bond Fund | 30.9 | 30.7 | ✓ | | ✓ | | |
| Ruffer Absolute Return Fund | 28.7 | 29.4 | ✓ | ✓ | ✓ | ✓ | ✓ |
| Man Progressive Diversified Risk Premia Fund | 13.3 | - | | | ✓ | ✓ | ✓ |
| Man Diversified Risk Premia Fund | - | 11.0 | | | ✓ | ✓ | ✓ |
| AQR Diversified Risk Premia | - | 10.4 | | | ✓ | ✓ | ✓ |

20. CONCENTRATION OF INVESTMENTS

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

| | 2021 | | 2020 | |
|---|-------------|------|-------------|------|
| | £ | % | £ | % |
| Pension Insurance Corporation (LSE) | 206,600,000 | 25.6 | 219,400,000 | 27.0 |
| Royal London Long Corporate Bond Fund (LSE) | 41,278,005 | 5.1 | 42,233,042 | 5.2 |
| Royal London Long Corporate Bond Fund (LCH) | - | - | 74,693,715 | 9.2 |

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

21. CURRENT ASSETS

| | LSE Section 2021 £ | LCH Section 2021 £ | Scheme 2021 £ |
|---------------------------------------|---------------------------------------|---------------------------------------|------------------------------|
| Cash held by the Scheme Administrator | 2,797,756 | 4,071,974 | 6,869,730 |
| Contributions due from the Employer | <u>122,331</u> | <u>62,331</u> | <u>184,662</u> |
| | <u>2,920,087</u> | <u>4,134,305</u> | <u>7,054,392</u> |
| | <i>LSE Section 2020 £</i> | <i>LCH Section 2020 £</i> | <i>Scheme 2020 £</i> |
| Cash held by the Scheme Administrator | 1,290,687 | 4,630,725 | 5,921,412 |
| Contributions due from the Employer | <u>201,050</u> | <u>213,050</u> | <u>414,100</u> |
| | <u>1,491,737</u> | <u>4,843,775</u> | <u>6,335,512</u> |

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
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

22. CURRENT LIABILITIES

| | LSE Section 2021 £ | LCH Section 2021 £ | Scheme 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> |
| | LSE Section 2020 £ | LCH Section 2020 £ | Scheme 2020 £ |
| Pension reimbursements due to PIC | 2,772,469 | - | 2,772,469 |
| Administration fees due | 93,002 | 74,114 | 167,116 |
| PAYE due to HMRC | - | 32,742 | 32,742 |
| Investment fees due | 119,992 | 124,399 | 244,391 |
| Benefits payable | 12,971 | 286,199 | 299,170 |
| | <u>2,998,434</u> | <u>517,454</u> | <u>3,515,888</u> |

23. RELATED PARTY TRANSACTIONS

Key Management Personnel

During the year one of the Trustee Directors, S Griffin, was a pensioner 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.

LONDON STOCK EXCHANGE GROUP PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

24. 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 2021, the Scheme had less than 0.01% exposure to Employer related investments (indirectly, through equity indices).

25. 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.

26. 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 2021 the LSE Section had contractual commitments of £2,878,616 (2020: £2,234,376) 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 2021 (2020: Nil).

27. SUBSEQUENT EVENTS

In the opinion of the Trustee, there were no 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:

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 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 2021**

Statement about contributions

Opinion

In our opinion, the contributions required by the schedule of contributions for the scheme year ended 31 December 2021 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 and 19 December 2018.

We have examined London Stock Exchange Group Pension Scheme's summary of contributions for the scheme year ended 31 December 2021 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

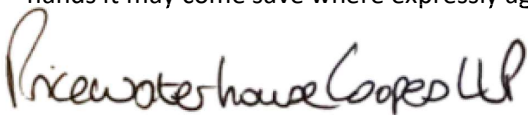
As explained more fully in the statement of trustee's responsibilities, the scheme's trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions and for monitoring whether contributions are made to the scheme by employers in accordance 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: 25/07/22

LONDON STOCK EXCHANGE GROUP PENSION SCHEME
SUMMARY OF CONTRIBUTIONS PAYABLE
FOR THE YEAR ENDED 31 DECEMBER 2021

During the year ended 31 December 2021, the contributions payable to the Scheme were as follows:

| | LSE Section 2021 £ | LCH Section 2021 £ | Scheme 2021 £ |
|---|-----------------------------|-----------------------------|--------------------------|
| Contributions required by the Schedules of Contributions (as reported on by the Scheme Auditors) | | | |
| Employer - Deficit funding | <u>14,000,000</u> | <u>3,000,000</u> | <u>17,000,000</u> |
| Other Contributions: | | | |
| Employer - Expenses | <u>722,331</u> | <u>722,331</u> | <u>1,444,662</u> |
| Total contributions reported in the financial statements | <u>14,722,331</u> | <u>3,722,331</u> | <u>18,444,662</u> |

Approved and signed for on behalf of the Trustee by:

Trustee Director:

Trustee Director

Date: 25 July 2022

LSEGPS - IMPLEMENTATION STATEMENT – VOTING AND ENGAGEMENT

1st January 2021 – 31st December 2021

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 is the second such statement produced and includes details of the recent updates to the SIP.

This document has been prepared by the Trustee of the London Stock Exchange Group Pension Scheme, covering the period 1 January 2021 to 31 December 2021.

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.

Changes to the SIP over the period

The SIP was updated in August and December 2021, to update the Strategic Asset Allocations (SAA’s) for each of the LSE Section and LCH Section in respect of the following investment activity:

- LCH Section (Aug) – reduction of 3% in the Diversified Risk Premia allocation following the full disinvestment from AQR.
- LCH Section (Aug) – 12% reduction in the UK Investment Grade Sterling Credit allocation following the de-risking disinvestment from RLAM.
- LSE Section (Dec) – to remove the Synthetic Global Equities allocation (7%) following the expiry of the Equity Total Return Swap.

As normal, the allocations in the SAA’s to the other asset classes were updated to reflect the latest asset allocation position and some minor wording changes to the body of the SIP (e.g. removal of references to passive equities) were also included.

The Trustee’s policies on voting and engagement (stewardship)

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 expects 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.

How have the Trustee's voting and engagement (stewardship) policies been followed?

The Trustee receives regular updates from the investment consultant on the investment managers' performance including receiving ESG ratings for each manager which factor in voting and engagement. The Trustee has also been notified whether there have been any changes to the investment consultant's overall ratings of the managers or not. 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. The Trustee periodically meets with the managers to discuss the Scheme's investments including the voting and engagement aspects. Over the year the Trustee met with Oaktree, Partners Group, Royal London Asset Management, Permira, Schroders and Man Group. Over the coming year the Trustee will continue to engage with managers it meets on ESG matters including stewardship.

The following investment managers for the Scheme are signatories to the UK Stewardship Code: Royal London Asset Management and Ruffer. 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 (Schroders, Permira, Oaktree and Partners Group) 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 advisers will continue to engage with the Scheme's managers to improve and monitor their stewardship and engagement practices.

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 AQR Diversified Risk Premia Fund, Man Diversified Risk Premia Fund, Man Progressive Diversified Risk Premia Fund and Ruffer Absolute Return Fund. 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 AQR, Man and Ruffer were undertaken with due consideration to investors' best interests considered 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.

During the year, the Scheme fully redeemed its investment in AQR on the 12th March 2021. Furthermore, the Scheme's investment in the Man Diversified Risk Premia Fund was switched to the Man Progressive Diversified Risk Premia Fund on the 13th December 2021.

A summary of voting by Ruffer Absolute Return Fund, AQR (up to 12th March 2021), Man Diversified Risk Premia (up to 13th December 2021) and Man Progressive Diversified Risk Premia (from 13th December 2021) on behalf of the Scheme over the year is provided in the tables below:

| Voting Criteria | Ruffer | AQR |
|---|---------------|-------------------------|
| Value of assets (as at 31 st Dec 2021) | £44.2m | £0 |
| Number of holdings at period end | 104 | 1,486* |
| No of meetings eligible to vote during the period | 95 | 43 |
| No of resolutions eligible to vote during the period | 1,265 | 479 |
| % of resolutions voted on of which eligible | 100% | 99% |
| % of resolutions voted with management | 92% | 96% |
| % of resolutions voted against management | 7% | 4% |
| % of resolutions abstained | 2% | <0% |
| % of meetings with at least one vote against management | 41% | 23% |
| % of resolutions where manager voted contrary to recommendation of proxy adviser? | 7% | <1% |
| Any use of proxy voting services during the period | Yes (ISS) | Yes (ISS & Glass Lewis) |

*The number of holdings as at 28th February 2021.

The voting data below covers the Man Diversified Risk Premia Fund (“Man DRP”) from the 1st January 2021 to the 13th December 2021 and the Man Progressive Diversified Risk Premia Fund (“Man PDRP”) from the 13th December 2021 to the 31st December 2021.

| Voting Criteria | Man DRP (1 st January 2021- 13 th December 2021) | Man PDRP (13 th December 2021 – 31 st December 2021) |
|---|--|--|
| Value of assets (as at 31 st Dec 2021) | £0 | £30.7m |
| Number of holdings at end of the period | 1,558* | 1,542 |
| No of meetings eligible to vote during the period | 871 | 9 |
| No of resolutions eligible to vote during the period | 10,021 | 76 |
| % of resolutions voted on of which eligible | 100% | 100% |
| % of resolutions voted with management | 90% | 89% |
| % of resolutions voted against management | 10% | 11% |
| % of resolutions abstained | 0.3% | 0% |
| % of meetings with at least one vote against management | 49% | 56% |
| % of resolutions where manager voted contrary to recommendation of proxy adviser? | <0% | <0% |
| Any use of proxy voting services during the period | Yes (Glass Lewis) | Yes (ISS & Glass Lewis) |

*The number of holdings as at 13th December 2021.

Further to the above summary, the Trustee is required to disclose further information on the 'most significant' votes. The significance of a vote is determined by the individual investment manager's criteria including (but not limited to) the size of the holding and the resolution being a shareholder proposal. In the tables below we show the 'most significant' votes for Ruffer and Man Group. The significant votes for the Man DRP Fund and Man PDRP Fund have been shown separately:

Ruffer Absolute Return Fund 'Significant Vote' disclosure table (1 of 2)

Period: 1st January 2021 – 31st December 2021

| Company name | WH Smith | Countryside Properties | Walt Disney | Royal Dutch Shell | Aena |
|------------------------------|--|---|---|---|--|
| Summary of resolution | Governance – remuneration | Governance – board composition and remuneration | Governance – lobbying and succession planning | Vote on management resolution relating to the company's climate transition plan | Advisory Vote on Company's Climate Action Plan |
| How Ruffer voted | Against | Abstain | Voted for shareholder resolutions and re-election of Board member | For | For |
| Outcome of vote | The vote in favour of approving of the remuneration report passed with shareholder support | Re-election proposals passed with a range of shareholder approval for votes | Re-election proposal passed with shareholder approval for vote. Shareholder resolution failed | The resolution passed | The resolution passed |

Ruffer Absolute Return Fund 'Significant Vote' disclosure table continued (2 of 2)

Period: 1st January 2021 – 31st December 2021

| Company name | Ambev | NEC | American Express | American Express | Centene |
|------------------------------|--|---|--|---|---|
| Summary of resolution | Governance – remuneration | Governance – vote on election of independent director | Governance – vote on election of independent director | Social - diversity and inclusion. Vote on shareholder resolution requesting annual D&I report | Governance – vote on election of independent director |
| How Ruffer voted | Against | Against | Vote against non-exec directors with tenure over nine years | For | Against |
| Outcome of vote | The resolution passed with 86.5% votes in favour | The proposal passed with 64.7% votes in favour | Re-election proposals passed with a range of 95-99% shareholder approval for votes | The resolution passed with 59.7% votes in favour | Re-election proposals passed with a 93.2% and 98.8% shareholder approval for votes respectively |

Man DRP 'Significant Vote' disclosure table (1 of 2)

Period: 1st January 2021 – 13th December 2021

| Company name* | A | B | C | D | E |
|------------------------------|--|--|---|---|--|
| Summary of resolution | Shareholder Proposal Regarding GHG Reduction Targets | Shareholder Proposal Regarding AGM Investigation | Shareholder Proposal Regarding Capital Policy | Shareholder Proposal Regarding Disclosure of Business Alliance Agreements | Shareholder Proposal Regarding issuance of a Climate Transition Report |
| How Man voted | For | For | For | For | For |
| Outcome of vote | For: 30.5% | For: >50% | -** | -** | -** |

*Please note that Man Group are not able to disclose the name of the companies on public documents.

**The outcome of the vote was not identifiable by Man Group.

Man DRP 'Significant Vote' disclosure table (2 of 2)

Period: 1st January 2021 – 13th December 2021

| Company name* | F | G | H | I | J |
|------------------------------|---|---|----------------------|---|---|
| Summary of resolution | Shareholder Proposal Regarding Median Gender and Racial Pay Equity Report | Shareholder Proposal Regarding Median Gender and Racial Pay Equity Report | Election of director | Advisory Vote on Executive Compensation | Shareholder Proposal Regarding Greenhouse Gas Reduction Targets |
| How Man voted | For | For | Against | Against | For |
| Outcome of vote | Resolution Failed | Resolution Failed | Resolution Passed | Resolution Passed | Resolution Failed |

*Please note that Man Group are not able to disclose the name of the companies on public documents.

Man PDRP 'Significant Vote' disclosure table (1 of 1)

Period: 13th December 2021 – 31st December 2021

| Company name* | A |
|------------------------------|---|
| Summary of resolution | Shareholder Proposal Regarding Report on GHG Targets and Alignment with Paris Agreement |
| How Man voted | For |
| Outcome of vote | For: 70% |

*Please note that Man Group are not able to disclose the name of the companies on public documents.

AQR does not differentiate between significant or non-significant votes. However, AQR generally vote all proxies and may request reactive engagement on certain votes based on their assessment of significance.