

GREEN ECONOMY MARK

April 2022



1.0 Why has it been created?

A growing number of companies generate commercial revenues from products and services that contribute to positive environmental outcomes.

Asset owners and managers increasingly seek to deploy capital into these areas, based on expectations of investment returns being driven by trends such as changing consumer appetites, evolving technologies and financial risks relating to changing growth models. The green economy is diverse – companies and investment vehicles of all sizes, in all geographies and across every industry are part of it.

The London Stock Exchange's Green Economy Mark harnesses the diversity and breadth of commercial activity in the green economy. Being cross-sector, no single, specific industrial classification is relevant.

The Green Economy Mark enables investors to identify an investible universe of 'green economy' equities, providing a broad exposure rather than a focus on one area, such as renewable energy infrastructure. Less obvious environmental solutions are more visible and able to attract sustainability-focused investors.

2.0 How does it work?

The Green Economy Mark is available to all equity issuers on all segments of the Main Market and AIM that meet the criteria outlined below. It facilitates visibility and investment by addressing the information gap around what constitutes commercial activity relating to environmental solutions.

The Green Economy Mark (below) identifies London-listed companies and funds that generate more than 50% of total annual revenues from products and services that contribute to the global green economy.



The underlying methodology is FTSE Russell's Green Revenues Classification System. It identifies industrial sectors and sub-sectors that are contributors to a greener, more sustainable economy such as climate change mitigation and adaptation, pollution and waste reduction, resource extraction and sustainable agriculture.

The 50%+ threshold recognises businesses who have a material revenue contribution from the green economy. In this way it includes but also looks beyond 'pure-play' green or clean technology companies to highlight those of all sizes, across all industries, driving the transition to a sustainable, low carbon economy.

Through its consistent application across London Stock Exchange markets and segments, the Green Economy Mark improves visibility to investors and other stakeholders that are interested in green economy activities.



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3.0 Benefits

3.1 Existing issuers:

- Raised profile and visibility among investors that are focused on the green economy in addition to all current listing benefits.

3.2 New issuers:

- Increased visibility to green-focused investors at IPO as a new Green Economy Mark issuer.

3.3 All issuers:

- Methodology alignment with FTSE Russell equity index inclusion/overweighting criteria on climate and green revenues indices.
- Marketing asset for use on the issuer's own London Stock Exchange profile page and marketing materials/platforms.

3.4 Investors:

- Visibility of the green economy across London Stock Exchange markets and segments for international public equity.

4.0 Qualification criteria

4.1 The Green Economy Mark is provided to equity issuers listed on the Main Market or AIM, providing they meet one of the following criteria:

- 4.1.1 The issuer is included within FTSE Russell's Green Revenues data model, with green revenues publicly disclosed, or estimated by FTSE Russell, which meet or exceed 50% of annual revenue for the most recent year.
- 4.1.2 The issuer submits a successful application to be assessed for the Green Economy Mark.

4.2 Funds criteria

- 4.2.1 Funds that can demonstrate to the satisfaction of London Stock Exchange that its investment strategy and more than 50% of its investments (based on NAV) are aligned with FTSE Russell's Green Revenues Classification System.
- 4.2.2 A holding can contribute towards the eligible investments threshold if its activity is 100% aligned to the GRCS. Applicants should demonstrate this by allocating the holding to the relevant GRCS micro-sector.
- 4.2.3 Funds may apply during the IPO process and receive pre-approval, provided their prospectus and proposed investment allocation is fully aligned to the GRCS Tier 1 and Tier 2 micro-sectors.
- 4.2.4 Funds will be subject to an annual review and may be asked to provide evidence of ongoing eligibility.
- 4.3 London Stock Exchange retains sole discretion to allow, refuse or revoke qualification for the Green Economy Mark.

- 4.4 London Stock Exchange may allow issuers that have qualified for the Green Economy Mark to retain it (at the sole discretion of London Stock Exchange) for an agreed period, should their green revenue percentage fall temporarily and marginally below the 50% threshold.

- 4.5 Qualification for the Green Economy Mark does not influence coverage or index inclusion by FTSE Russell, which is governed exclusively by FTSE Russell. However, it establishes alignment with FTSE Russell's methodology.

5.0 Governance

5.1 Methodology

- 5.1.1 To ensure a robust, credible and investor-relevant methodology underlying the Green Economy Mark, London Stock Exchange utilises FTSE Russell's Green Revenues Classification System (GRCS). This is developed and managed by FTSE Russell, an LSEG business, which is independent to London Stock Exchange plc.

- 5.1.2 The Green Economy Mark methodology will continue to align with the GRCS as it evolves.

- 5.1.3 Governance is provided by the FTSE Russell Green Industries Advisory Committee, which consists of senior market practitioners who are representative of appropriate sectors of the investment community, and those with specific environmental markets expertise.

5.2 Independence of FTSE Russell research coverage and index inclusion

The application of FTSE Russell IP and data by London Stock Exchange plc does not influence FTSE Russell Research coverage, methodology development or inclusion within FTSE Russell indices. Changes to FTSE Russell products and services are made by FTSE Russell at its sole discretion.

6.0 Exclusions

- 6.1 Companies or funds in which trading is suspended.
- 6.2 London Stock Exchange reserves the right to exclude any issuer from the classification at any time at its discretion.

7.0 How is the process managed?

- 7.1 FTSE Russell provides Green Revenues data for London Stock Exchange issuers that are captured by its research universe.
- 7.2 The London Stock Exchange identifies qualifying issuers from FTSE Russell data and maintains a list of issuers not covered by FTSE Russell that qualify, as described in section 4.0 above. The list is updated for qualifying IPOs or if a material change takes place, such as a merger, acquisition, de-listing or suspension that leads to the addition or removal of the company's classification.

- 7.3 Issuers that have been identified as qualifying for the Green Economy Mark or at risk of losing the qualification are contacted via their Investor Relations team.
- 7.4 The Green Economy Mark will be applied to qualifying issuers' London Stock Exchange profile webpage, unless the issuer has requested not to be identified.
- 7.5 Green Economy Mark marketing assets will be provided by the sustainable finance team or via Issuer Services.
- 7.6 Use of the Green Economy Mark by an issuer denotes agreement to the terms and conditions in section 8.0 (below).
- 7.7 Qualifying issuers may use the Green Economy Mark asset in internal and external communication materials – subject to the terms and conditions in section 8.0 (below).
- 7.8 London Stock Exchange will maintain and publish a list of companies that qualify for the Green Economy Mark, unless they have specifically requested not to be identified.
- 7.9 London Stock Exchange will undertake an annual review of the Green Economy Mark cohort and trends across its markets, and publish this information at its discretion.
- 7.10 If London Stock Exchange wishes to make a comment in relation to any issuer by name, this will be signed off by the issuer in question prior to publication.

8.0 Green Economy Mark Terms & Conditions

- 8.1 The Green Economy Mark, the processes and data behind green economy classification and the assignment of the Green Economy Mark to issuers are the sole intellectual property of LSEG, powered by FTSE Russell's Environmental Markets Classification System.
- 8.2 The Green Economy Mark is assigned to qualifying issuers and may be used in their online and offline marketing materials for as long as they continue to qualify (see section 4.0).
- 8.3 If the issuer ceases to qualify for the Green Economy Mark, it must remove the Mark from any and all current marketing materials, online or offline.
- 8.4 Issuers qualifying for the Green Economy Mark may not infer that London Stock Exchange considers them 'green'. The Mark represents that a majority of the issuer's business activity is aligned with commercial activities within the FTSE Russell green revenues taxonomy and that 50%+ of annual revenues are derived from these activities.
- 8.5 By using the Mark, the issuer gives permission to London Stock Exchange to identify the issuer by name in public lists of green economy issuers on London's markets.
- 8.6 By downloading and/or using the Mark, issuers agree to these terms and conditions.

9.0 Green economy classification: industry sub-sectors with qualifying revenues

Energy Generation (EG)	Energy Management & Efficiency (EM)	Energy Equipment (EQ)	Environmental Resources (ER)	Environmental Support Services (ES)
19	13	22	11	5
Bio Fuels	Buildings & Property (Integrated)	Bio Fuels	Advanced & Light Materials	Environmental Consultancies
Cogeneration	Controls	Cogeneration Equipment	Key Raw Minerals & Metals	Finance & Investment
Clean Fossil Fuels	Energy Management	Clean Fossil Fuels	Recyclable Products & Materials	Smart City Design & Engineering
Geothermal	Logistics & Support	Fuel Cells		
Hydro	Industrial Processes	Geothermal		
Nuclear	IT Processes	Hydro		
Ocean & Tidal	Lighting	Nuclear		
Solar	Power Storage	Ocean & Tidal		
Waste to Energy	Smart & Efficient Grids	Solar		
Wind	Sustainable Property Operator	Waste to Energy		
		Wind		

Food & Agriculture (FA)	Transport Equipment (TE)	Transport Solutions (TS)	Waste & Pollution Control (WP)	Water Infrastructure & Technology (WI)
17	12	9	15	10
Agriculture	Aviation	Railways Operator	Cleaner Power	Advanced Irrigation Systems & Devices
Aquaculture	Railways	Road Vehicles	Decontamination Services & Devices	Desalination
Land Erosion	Road Vehicles	Video Conferencing	Environmental Testing & Gas Sensing	Flood Control
Logistics	Shipping		Particles & Emission Reduction Devices	Meteorological Solutions
Food Safety, Efficient Processing & Sustainable Packaging			Recycling Equipment	Natural Disaster Response
Sustainable Plantations			Recycling Services	Water Infrastructure
			Waste Management	Water Treatment
				Water Utilities

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