

Qualifying for the LSE's Green Economy Mark

Fieldfisher's equity capital markets team's brief guide to the London Stock Exchange's accreditation procedure.

What is the LSE Green Economy Mark?

The London Stock Exchange's Green Economy Mark recognises London-listed companies and funds that derive more than 50% of their revenues from products and services that contribute to environmental objectives, such as climate change mitigation and adaptation, waste and pollution reduction and the circular economy.

A growing number of listed companies make sustainability claims for their businesses, in an effort to tap the growing pool of capital earmarked for green investments.

The LSE's Green Mark is intended to help investors identify companies that meet its criteria for what constitutes a 'green' business.

What is an LSE 'green' company?

The underlying methodology for determining whether companies qualify for the LSE's Green Mark is the [FTSE Green Revenues Classification System 2.0](#) (GRCS). At the time of writing, the most recent version of the GRCS was published in December 2020, but interested companies should check the [FTSE Russell website](#) for updates.

The GRCS taxonomy contains the data revenue model for capturing and classifying all company revenues generated by products and services contributing to the transition to a green economy.

The GRCS structure comprises 10 sectors, 64 subsectors and 133 microsectors against which a company's activities and revenues are mapped.

The full list of sectors can be found in the LSE's Green Mark [application form](#), but broadly cover:

- Energy;
- Environment;
- Food and agriculture;
- Transport;
- Waste; and
- Water.

Who can apply?

The mark aims to reflect the diversity and breadth of commercial activity in the green economy.

Provided a business:

- (a) can demonstrate according to the GRCS that more than 50% of its revenues come from pursuing environmental objectives; and
- (b) is either listed or planning to list on either the LSE Main Market or AIM –

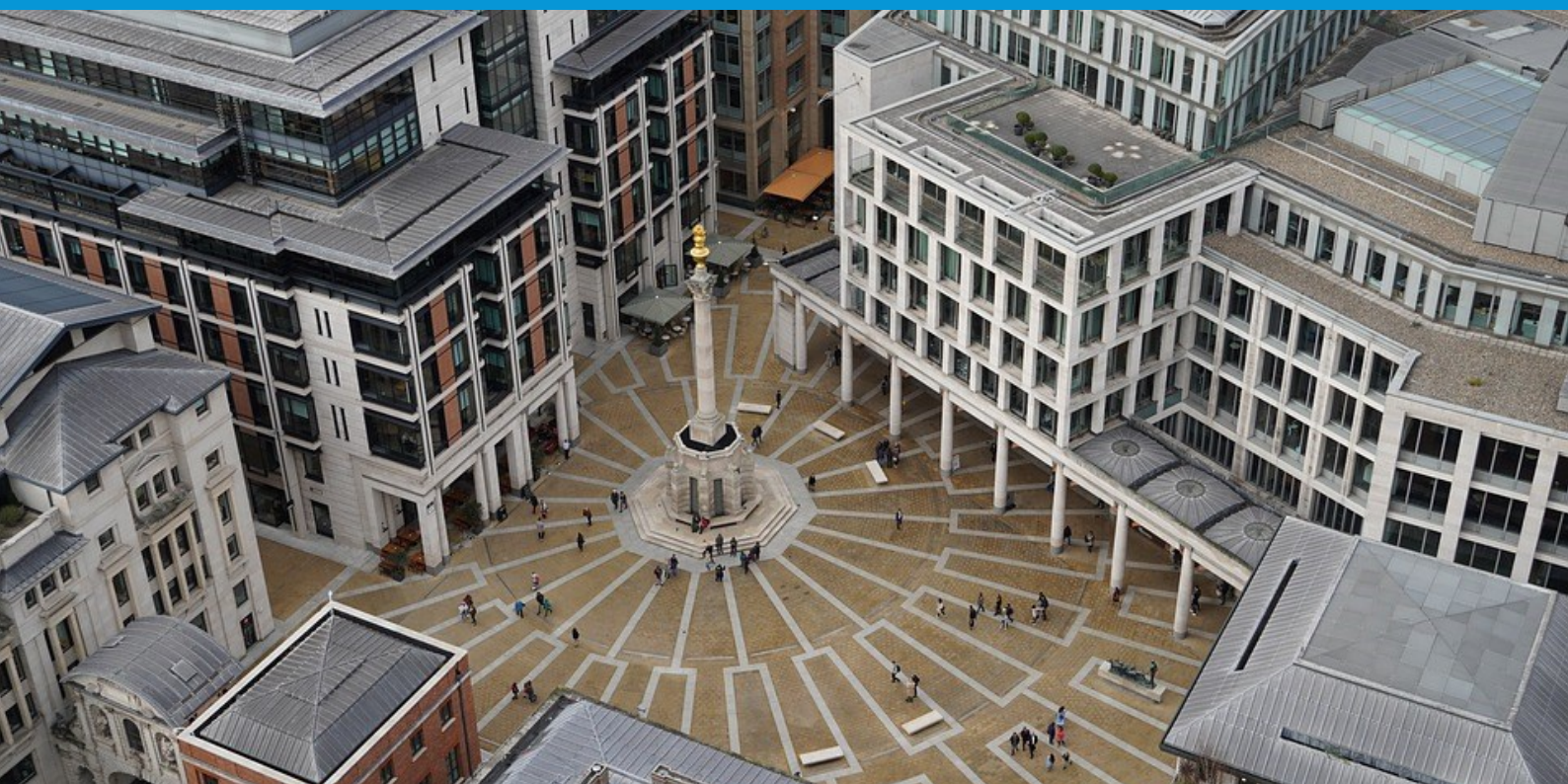
they can apply for Green Economy Mark accreditation.

The current list of [Green Economy Mark issuers](#) includes companies ranging from utilities, renewable energy suppliers and mining companies, to software developers, sustainable investment funds, travel operators, construction businesses and pharmaceutical companies, among others.

How to apply for the Green Economy Mark

1. Before applying, companies should first review the green revenues data model in the GRCS to identify which microsectors its green revenues derive from.
2. Once satisfied that more than 50% of their revenues derive from green activities according to

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the GRCS, companies should fill out the LSE's [online application form](#). The form asks companies to provide:

- Preliminary company information;
- A breakdown of green revenues (according to the data model); and
- Evidence of the relevant publicly disclosed information.

Any financial information provided should be the most recently available.

In practice, this means companies should provide, for example, an overview of their business; a product or service presentation; and copies of the most recent accounts from Companies House and accounts prepared in accordance with IFRS (where available).

3. When the form and all the information is ready, it should be submitted to sustainablefinanceenquiries@lse.com with the subject line: [Company name] Green Economy Mark Application.

4. Once it has received the information, the LSE will arrange an initial consultation call with the company, its bank or advisers to provide an overview of the mark and answer any questions.

Your professional advisers can liaise with the LSE on your behalf and it is helpful to involve advisers in any meetings or calls to discuss the mark or accreditation process

5. The information will be reviewed by an LSE panel in conjunction with FTSE Russell to verify eligibility.

As part of the review, the LSE may request further information, so companies should be prepared to provide additional supporting evidence of their revenue model/how their business contributes to the green economy.

6. Once the application has been submitted, and provided the LSE does not require any further information, companies can expect to receive a decision within 28 business days.

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Companies looking to list on the LSE should bear this timeline in mind when planning their IPO process.

What happens next?

Listed issuers

Issuers that are already listed on the Main Market or AIM are permitted to start using the Green Economy Mark in their investor, customer and press communications as soon as they receive authorisation from the LSE.

Prior to admission

For companies planning to list on the LSE, assuming their application for Green Mark accreditation is accepted, the

LSE allows companies to include wording in their investor communications stating that they are expected to qualify for its Green Economy Mark on admission.

The current (as of July 2021) standard text is as follows:

"The Company is expected to qualify for London Stock Exchange's Green Economy Mark at Admission, which recognises companies that derive 50% or more of their total annual revenues from products and services that contribute to the global green economy."

"The underlying methodology incorporates the Green Revenues data model developed by FTSE Russell, which helps investors understand the global industrial transition to a green and low carbon economy with consistent, transparent data and indexes."

Companies are not permitted to state that they expect to qualify for the mark until they have received confirmation from the LSE and are not allowed to use the mark until they have been admitted to market. This is a condition of qualification.



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On admission

The LSE encourages companies to promote their inclusion in the Green Economy Mark scheme.

This can be done via press releases and/or social media. The LSE will provide example wording, prepared social media assets and copies of the Green Economy Mark logo for companies to use in their announcements, posts and marketing materials respectively (at no cost).

Once admitted, the LSE will also undertake to promote a company's Green Economy Mark accreditation via its own publishing channels and suggests providing a quote from the company's Chair or CEO to use for this purpose.

Accredited companies will also be entered into the online list of Green Economy Mark bearers once admitted, and the mark will be added to the company's issuer profile.

As of July 2021, more than 95 companies across the LSE's Main Market and AIM with a combined market cap of over £140 billion have received Green Economy Mark accreditation.

Annual review process

The list of accredited LSE Green Mark issuers is reviewed on an annual basis by the LSE.

Issuers that continue to meet the requirements will retain the mark, however the LSE reserves the right to revoke the mark if issuers' green revenues percentage falls below 50%.

If the company does not qualify for the mark initially, and the percentage of green revenues subsequently exceeds 50%, issuers can restart the application process.

If a company carries out an acquisition or a reverse takeover, they will need to provide the LSE with confirmation and supporting evidence that the company still qualifies to receive the Green Economy Mark.

Further information on all of the above can be found on the LSE's website [here](#).

Fieldfisher's Band 1-ranked equity capital markets team advises LSE Green Economy Mark-accredited issuers including waste-to-energy developer [Eqtec plc](#), bio-based polymer producer [Itaconix plc](#) and lightweight EV motor

