

Green Revenues data model

Quantifying balance sheet
exposure to environmental activities



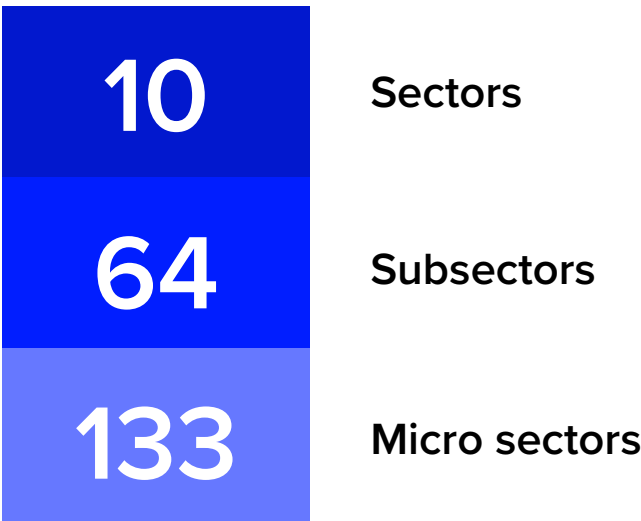
Overview

Taking a mirror to the market, LSEG’s Green Revenues data model brings the world a closer look at the green economy; defining what it is and determining the companies and activities that compose it. The data set was designed to ensure broad global coverage, comprehensive classification of green activities, and granularity in the data provided.

Broad coverage

The Green Revenues data model is applied to nearly 99% of total global market capitalisation, capturing over 21,000 public companies across 93 countries, with 10 sectors, 64 subsectors, and 133 micro sectors.

Green Revenues Classification System



Comprehensive

The Green Revenues Classification System (GRCS) is a taxonomy used to define and measure the industrial transition to a Green Economy. LSEG’s Green Revenues methodology comprehensively assesses all companies with revenue exposure to the green business activities defined by the Green Revenues Classification System.



Enhanced utility

The Green Revenues data model identifies companies providing green products and services and classifies associated revenues based on the Green Revenues Classification System. Using this data, a precise percentage of green revenues is derived at the sector, subsector and micro sector levels for each company.

The Green Revenues data model can be used for portfolio- and company-level analysis to understand climate transition risks and identify investment opportunities in the green economy, and can additionally be aggregated for analysis at a country- or sector-level.

Used for	Delivery
Portfolio analysis	Flexible delivery via LSEG Workspace, LSEG Data Platform, LSEG DataStream, LSEG Quantitative Analytics and via Snowflake.
Index construction	
Regulatory and climate reporting	
Investment product input	
Research and analytics	

History

LSEG has been researching and developing green industry taxonomies since the launch of the FTSE Environmental Markets Index Series and accompanying FTSE Environmental Markets Classification System more than a decade ago. This classification system was developed to identify products and services that generate environmental benefits.

Since the launch, LSEG has extended the family of green taxonomies with the LSEG Green Revenues Classification System (GRCS), incorporating evolving global standards and best practices. Companies are researched and analysed based on their impact on climate change mitigation and adaptation, water, resource use, pollution, and agricultural efficiency.

In 2020, the Green Revenues data model underwent significant transformation to provide greater granularity and precision to meet global demand for investment in the green economy and global climate and regulatory reporting.

Green Revenues data is available via flexible delivery through LSEG Workspace, LSEG Data Platform, LSEG DataStream, LSEG Quantitative Analytics and Snowflake.

Data items include:

- Tier1 Green Revenue Percentage
- Tier2 Green Revenue Percentage
- Tier3 Green Revenue Percentage
- Minimum Green Revenue Percentage Ex Nuclear
- Maximum Green Revenue Percentage Ex Nuclear

Classification system

The Green Revenues Classification System captures environmental products and services across the whole equity value chain, covering 10 green sectors, 64 subsectors and 133 micro sectors. It was developed with input and direction from the market through the FTSE Russell Green Industries Advisory Committee— an external advisory board—and influenced by the HLEG proposal for a sustainable taxonomy from the EU High- Level Expert Group on Sustainable Finance, ensuring that the classification system reflects best practices and addresses market needs.

Energy generation	Energy equipment	Energy management & efficiency	Environmental resources	Environmental support services	Food & agriculture	Transport equipment	Transport solutions	Waste & pollution control	Water infrastructure & technology
EG	EQ	EM	ER	ES	FA	TE	TS	WP	WI
Bio Fuels	Bio Fuels	Buildings & Property (Integrated)	Advanced & Light Materials	Environmental Consultancies	Agriculture	Aviation	Railways Operator	Advanced Irrigation Systems & Devices	Cleaner Power
Cogeneration	Cogeneration	Controls	Key Raw Minerals & Metals	Finance & Investment	Aquaculture	Railways	Road Vehicles	Desalination	Decontamination Services & Devices
Clean Fossil Fuels	Equipment	Energy Management	Recyclable Products & Materials	Smart City Design & Engineering	Land Erosion	Road Vehicles	Video Conferencing	Flood Control	Environmental Testing & Gas Sensing
Geothermal	Clean Fossil Fuels	Logistics & Support			Logistics	Shipping		Meteorological Solutions	Particles & Emission Reduction Devices
Hydro	Fuel Cells	Industrial Processes			Food Safety, Efficient Processing & Sustainable Packaging			Natural Disaster Response	Recycling Equipment
Nuclear	Geothermal	IT Processes			Sustainable Plantations			Water Infrastructure	Recycling Services
Ocean & Tidal	Hydro	Lighting						Water Treatment	Waste Management
Solar	Nuclear	Power Storage						Water Utilities	
Waste to Energy	Ocean & Tidal	Smart & Efficient Grids							
Wind	Solar	Sustainable Property Operator							
	Waste to Energy								
	Wind								




Please contact LSEG directly for access to sample data and further information on micro sectors.

Tiering assessment

Green, greener, greenest

In order to assess net environmental impact of individual companies, LSEG evaluates each business activity defined by the Green Revenues Classification System through the lens of seven environmental themes (including all six EU Taxonomy objectives and one addition). An overall score is derived for each micro sector based on impact—both positive and negative—of each environmental objective. This work is then turned into an overall strength of greenness in three tiers. The micro sector tiering assessment allows users to assess exposure to various levels of green products and services and provides the flexibility to focus on activities with higher net environmental impact.

Environmental impact

Tier 1	Tier 2	Tier 3
Clear and significant	Net positive	Limited
		

Company activities are assessed against seven environmental objectives and allocated to micro sector tiers based on overall impact	
1.	Climate change mitigation
2.	Climate change adaptation
3.	Pollution prevention and control
4.	Protection of healthy ecosystems
5.	Sustainable use and protection of water and marine resources
6.	Transition to a circular economy, waste prevention and recycling
7.	Sustainable and efficient agriculture*

* Additional to EU Taxonomy objectives, included to capture products and services with significant environmental benefit.

Point data insight

Enhanced estimation modelling

The leading challenge with capturing green revenues data is the gap in company disclosure on green activities. The Green Revenues data model relies on reporting that many times simply wasn't created to accommodate tracking these categories. In response, LSEG has developed a proprietary estimation model to calculate best estimates of Green Revenues data. Using a structured, transparent, repeatable process, the Green Revenues estimation model builds on data hierarchy based on availability of reported data.

- This estimation model has allowed the Green Revenues data model to provide point estimate data for all companies that have been identified to generate green revenues.
- Data on the use of estimates is included to offer transparent insight into the conviction underlying green revenues data points.
- The tiered estimation approach provides disclosed data or company specific estimates depending on the level of information available.

Estimation types

Disclosed

Green Revenues percentage is calculated from detailed company disclosure. Sufficient revenues data is provided.

Company specific

When partial disclosure data is available, an estimate is based on other available non-revenue company, peer or sector/country data.

Sector specific

For companies with known green revenues but no available disclosures, a quantitative model is used to make an estimate based on sector performance.

Quantifying green

Quantifying company level exposure to the green economy has been a journey in discovery—solidifying perceptions and industry standards in a rapidly evolving space. Reflecting the market as it changes, we have recorded substantial growth in green economic activity. We expect the pace to accelerate and look forward to continuing to expand Green Revenues and our environmental data capability.



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We help organisations fund innovation, manage risk and create jobs by partnering with customers at every point in the trade lifecycle: from informing their pre-trade decisions and executing trades to raising capital, clearing and optimisation.

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