



Climetrics

The Climate Rating for Funds

Climetrics Insights

**CDP Europe
November 2021**



From climate conference to climate ratings

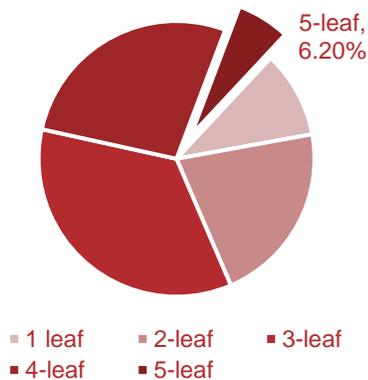
This year, green finance was an important topic at the COP26 climate conference in Glasgow. Many hope that private capital will take a leading role in financing the transition to a net-zero emissions economy – an economy that does not emit more greenhouse gases than it is able to absorb from the atmosphere. This issue of Climetrics Insights explores how the rating helps fund investors act now - in times when the outcomes of climate conferences lead many to question if we can act to protect our planet at the pace and scale needed.



Facts & figures

November 2021

Ratings distribution



6.2%

of all rated funds achieved a top 5-leaf rating in November.

How does Climetrics help to shift capital towards net-zero?

- ▼ The concept of net-zero firmly rests on decarbonization. It means bringing industrial emissions onto a science-based, 1.5-degree aligned reduction path and capturing any residual emissions.
- ▼ Climetrics takes a broader view. It measures the environmental performance of funds related to climate change, water risks and deforestation. It also includes a separate judgement about asset managers' level of public climate action.
- ▼ Its holistic assessment is intended to measure decarbonization and resource conservation in

Asset manager performance

101 or 5.8% of

all asset managers in the Climetrics universe had at least one top-rated fund.

Performance of ESG funds

15.8% of

all funds with an explicit ESG policy achieved a top 5-leaf Climetrics rating.

The total number of funds rated in May was

18,099

with approximately USD **22 trillion** in assets under management.

its complexity, rather than focusing on greenhouse gas emissions reductions alone.

- Nevertheless, several new net-zero indicators are already used at different points in the rating methodology:

1. Firstly, the bespoke Climetrics company scores integrate [CDP Temperature Ratings](#) – a new metric that relates a company's expected future emissions path to a global temperature rise.

2. Secondly, Climetrics now integrates new transition scores by [ACT](#), assessing the highest corporate carbon emitters for their progress against 1.5-degree global warming pathways.

3. Thirdly, in its scoring of asset managers Climetrics rewards those who publicly commit to a net-zero strategy for their investment portfolios, for example, via the [Science Based Targets initiative](#).

- Climetrics thus already covers the net-zero orientation of funds, helping investors to shift capital towards decarbonisation without ignoring the many facets of environmental risks and opportunities.

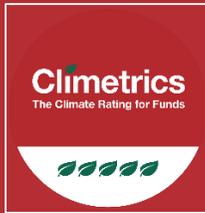
- As standards and measurement methods improve, the importance of net-zero in Climetrics is likely to increase. The rating is well positioned to provide investors with guidance on how to act on climate now, and to give strong incentives to companies and fund managers to reduce their emissions in line with net-zero requirements.

For more information on the Climetrics rating, please visit our website at cdp.net/en/investor/climetrics.

About Climetrics

Climetrics is the first rating that provides a holistic assessment of a fund's climate-related risks and opportunities. It independently rates thousands of actively managed funds and Exchange Traded Funds (ETFs) and its ratings are free to search, providing investors with transparency on climate-related risks when comparing funds. Climetrics looks inside each fund, measuring its portfolio holdings' exposure to climate risks and opportunities, as well as the fund's investment policy and the asset manager's public action on climate change. It was developed by two recognised climate specialists, non-profit CDP and ISS ESG, the responsible investment arm of Institutional Shareholder Services Inc. It partners with FEFundinfo for fund data and assessments.

How you can use Climetrics



Asset managers

Use the Climetrics rating license to promote your fund's climate performance and catalyze growth in climate-conscious fund products.

Fund platforms

Use bespoke Climetrics data feeds to complement your fund data offering and better respond to growing market needs for sustainable investment solutions.

Asset Owners

Use the customised Climetrics portfolio screening service to gain insights into key climate-related engagement priorities across your portfolio.

Please contact us for more information



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