THE SCIENCE IS GIEAR

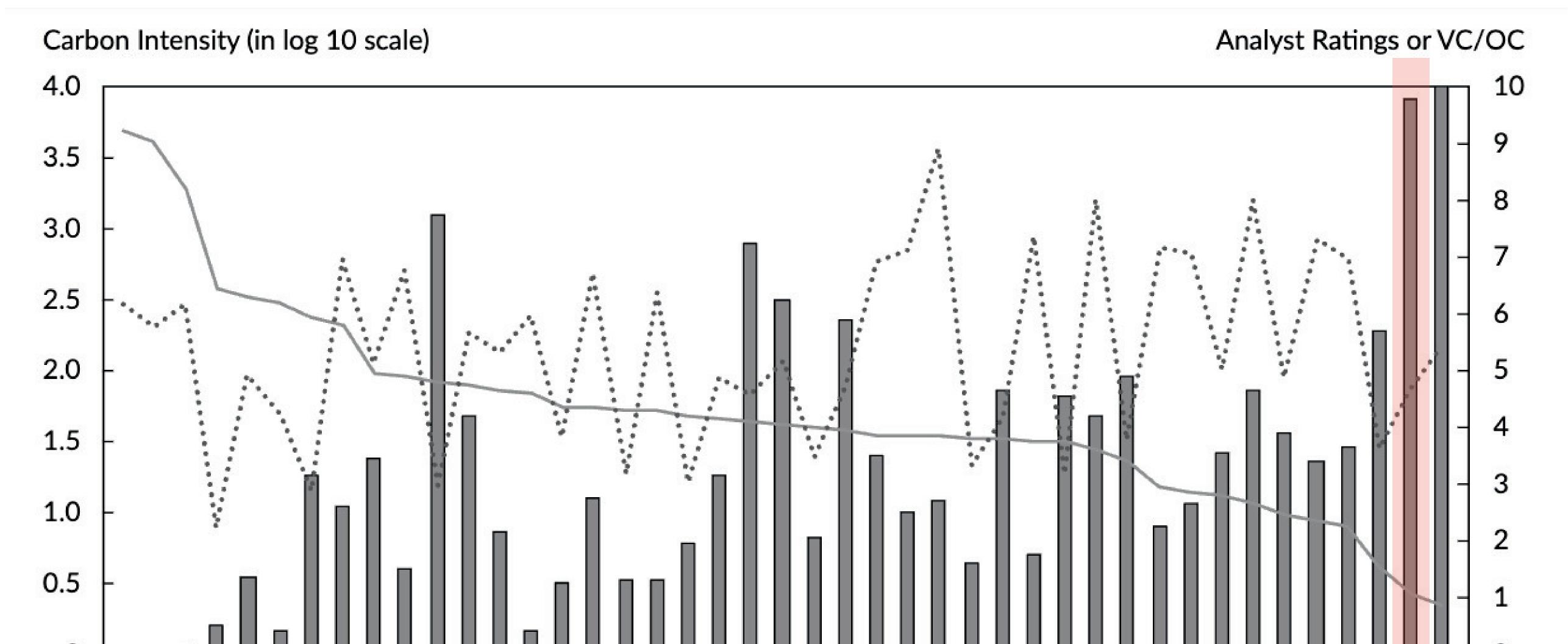
Decarbonizing Everything

Cheema-Fox, Alexander, et al. "Decarbonizing everything." Financial Analysts Journal 77.3 (2021): 93-108.

The risks from climate change and the acceleration of the transition to a low-carbon economy will likely completely reshape many industries (McKinsey & Company 2020). Therefore, investors will be well served by understanding different climate metrics and their applicability in an investment framework. One basic inference from the collection of analyses and data in this article is that significant progress needs to be made in the measurement and disclosure of scope 3^{*} emissions data. *(*i.e.*: investments).

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We conclude that analyzing the merits and applicability of various climate data can help investors manage climate risk while increasing risk-adjusted returns.



Banks & Rail quipment Finance Chemicals Energy Equipment & Services Hotels, Restaurants & Leisure Consumer Finance **Capital Markets** Insurance & Mining Packaging Real Estate Investment Trusts (REITs) Specialty Retai Staples Retailing Goods Products Multiline Retai Trading Companies & Distributors Media onsumable Fuels Semiconductor Equipment Supplies Peripherals Software Food Products Electrical Equipmen Defense Service: ervice Service Machiner Pharmaceutical Supplie Household Durable Biotechnolog ervice Service ·Utilitie Component Service Road Textiles, Apparel & Luxury Mortgage Electric Multi **Diversified Financial** Š Professional Metals Building Containers & ools Equipment Electricity Internet Software Commercial Services Providers Ś Communications S Storage erosp Equipment, Instruments Sciences C S S Food S Thrifts Gas Renewable Health Care Hardware Oil, Life Health S Semiconductors Technology **Figure 1** presents the industry median carbon intensity for operational carbon (OC, with a log Electronic 10 scale on the left axis) and industry median analyst ratings (AR, on the right axis), as well as ndepend the industry median intensity of value-chain carbon to operational carbon (VC/OC, on the

GICS Industries

July 2013 to 31 December2019. Sources: Data from S&P Trucost and MSCI.

right axis) in the US-listed equity markets from 1

OC Median (left axis) ······· AR Median (right axis) VC/OC (right axis)

https://doi.org/10.1080/0015198X.2021.1909943

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