S&P Dow Jones Indices
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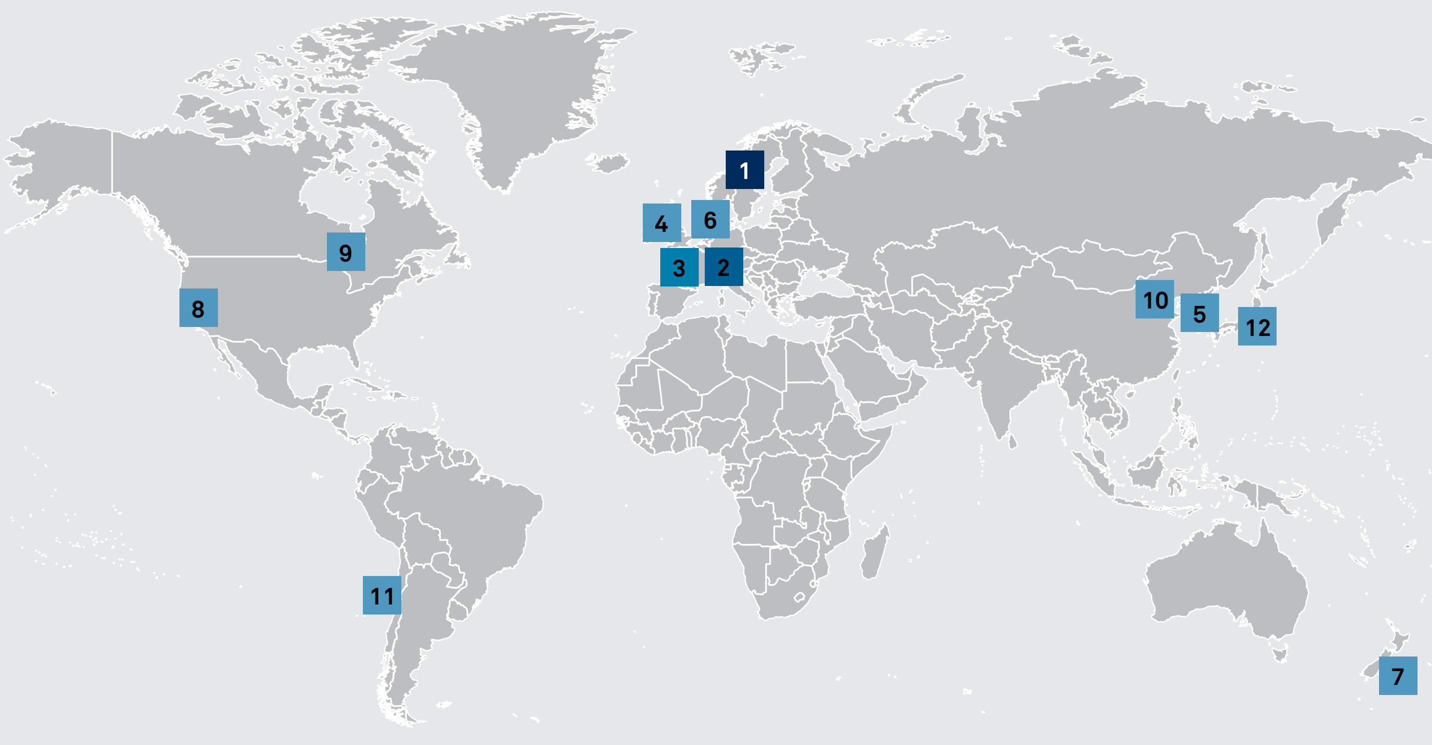
What is carbon pricing—and why include it in investment decisions?

Carbon emissions are costly to society in a variety of ways, from the healthcare costs of pollution impacts to the infrastructure damages of climate change. That's why many governments are now charging companies for the carbon they emit. These governments are not only recouping costs, but also incentivizing companies to reduce their emissions for a safer, more sustainable world.

How much are companies currently paying around the world?

Carbon pricing schemes are becoming increasingly prevalent at the regional, country, and city levels, with 51 carbon pricing initiatives already implemented or scheduled for implementation.

1. **Sweden** $139/tonne
2. **Switzerland** $101/tonne
3. **France** $55/tonne
4. **UK** $25/tonne
5. **Korea** $21/tonne
6. **EU** $16/tonne
7. **New Zealand** $15/tonne
8. **California** $15/tonne
9. **Ontario** $15/tonne
10. **Beijing** $9/tonne
11. **Chile** $5/tonne
12. **Japan** $3/tonne



Source: World Bank Group, State and Trends of Carbon Pricing, 2018. Carbon prices for 12 (of 51) initiatives as of April 1, 2018.

How much could companies' carbon payouts increase in the future, by sector?

The impact of carbon pricing on companies can be estimated based on several factors, including how much carbon is emitted in different locations and projected carbon pricing in those locations. Companies can have very different exposures—even within the same sector—creating potential investment risks and opportunities.

Carbon Pricing Risk Exposure, 2030

Estimated increases in carbon prices across companies in the S&P 500® by 2030.

All S&P 500 companies	All S&P 500 technology companies	All S&P 500 utilities companies
Min $41 – Max $120	Min $42 – Max $105	Min $94 – Max $120
Average: $102 per tonne	**Average: $78 per tonne**	**Average: $115 per tonne**

Source: Trucost Corporate Carbon Pricing Tool 2018 and S&P Dow Jones Indices S&P 500 constituent data as of Dec. 2017 rebalance.

How could this impact the market?

$1.3 trillion may be at risk due to projected 2030 carbon costs across S&P 500-listed companies. This amounts to 5.6% of S&P 500 market capitalization.

Source: Trucost Corporate Carbon Pricing Tool, 2018 and S&P Carbon Price Risk Adjusted Indices Methodology.

While changes associated with a transition to a lower-carbon economy present significant risks, they also create **significant opportunities.**

Source: Recommendations of Task Force on Climate-Related Financial Disclosures, 2017.

How are we helping investors who seek to mitigate this risk?

For the first time, the S&P Carbon Price Risk Adjusted Index Series allows investors to take into account future carbon price risk. Companies in the index series are weighted by their adjusted market capitalization after accounting for their estimated valuation-at-risk from future carbon pricing. The result is similar exposure to the underlying benchmark but with reduced carbon pricing risk.

Get the **full picture.**
Have questions? **Email us.**

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