







STOXX[®] WILLIS TOWERS WATSON CLIMATE TRANSITION INDICES

Innovative index series incorporates the quantifiable climate transition risk of companies as the economy as a whole moves to net-zero

The STOXX Willis Towers Watson Climate Transition Indices (CTI), developed in partnership with Willis Towers Watson, offer a sophisticated and transparent way of managing climate transition risk. The indices leverage Willis Towers Watson’s proprietary Climate Transition Value at Risk (CTVaR) data, which assesses the anticipated impact of a climate transition on company valuations through forward-looking, bottom-up analysis of individual companies.

Key Benefits

 <p>Granular</p>	<p>STOXX Willis Towers Watson Climate Transition Indices employ a highly granular analytical approach that goes beyond simple carbon pricing or carbon exposure as a proxy for climate value at risk</p>
 <p>Bottom-up</p>	<p>The CTI incorporate Climate Transition Value at Risk (CTVaR), which is calculated by a dedicated team of climate transition experts within Willis Towers Watson’s wider climate specialist team of over 70 members. The team combines commodity modelling with asset-by-asset company models to understand how transition risk (e.g. changes in demand for fossil fuels) impacts company fundamentals and in turn company valuations</p>
 <p>Forward-looking</p>	<p>Rather than using backward-looking carbon emissions data, the indices use forward-looking company transition risk that is refreshed regularly</p>
 <p>Holistic</p>	<p>The indices consider the wide range of changes needed at system level, such as changes in demand for different goods, services, technologies, and commodities, in order to drive down emissions consistent with the goals of the Paris agreement</p>
 <p>Investing for net-zero</p>	<p>Index construction tilts towards companies expected to make key contributions to the transition to a low carbon economy and therefore allow investors to capture positive economic disruption and growth opportunities. Similarly, the indices tilt away from companies expected to be negatively impacted by the transition</p>
 <p>Core beta solution</p>	<p>Investors can use the indices as replacements for current broad market-cap weighted allocations or simple ESG metric-based portfolios</p>

Methodology

Starting from broad market universes (iSTOXX World A, STOXX Europe 600, STOXX USA 500), securities are evaluated in terms of predefined sustainability characteristics. Companies identified as non-compliant based on Sustainalytics' Global Standard Screening (GSS) assessment or companies that are involved in controversial weapons, thermal coal and oil sands are removed from the universe.

The remaining eligible companies are weighted according to their free-float market capitalization adjusted by the Climate Transition Value at Risk (CTVaR) metric calculated by Willis Towers Watson. CTVaR is a proprietary measure that analyzes the impact on projected company cashflows when moving from a 'business as usual' scenario – reflecting current policies – to a world where emissions pathways are consistent with the goals of the Paris agreement. In general, the indices tilt away from companies with high exposure to climate transition risk.

The maximum weighting of any stock is limited to 5%, the maximum industry overweight is limited to 5%, the maximum country over- and underweights are restricted to 15%.

Quick Facts

Name	STOXX WTW World Climate Transition STOXX WTW Europe 600 Climate Transition STOXX WTW USA 500 Climate Transition Index STOXX WTW Climate Transition Monthly Hedged Index
Versions	Gross, Net, Price
Rebalancing	Quarterly
Components	Number of components is variable
Component capping	5%
Currencies	EUR, GBP, USD
Launch date	August 25, 2021
History	June 18, 2021

Discover other Sustainable Indices

DAX 50 ESG

EURO STOXX 50 ESG

EURO STOXX
Paris-Aligned Benchmark

To learn more about Qontigo, please contact us, or visit qontigo.com



sales@qontigo.com
info@qontigo.com



Part of



DEUTSCHE BÖRSE
GROUP