

Materiality Analysis: Understanding Carbon Price Risk Exposure

Quantifying the effect of carbon pricing on costs and revenues of companies globally

22/09/2022

- Analysis produced using CarbonAlpha, a granular carbon price exposure model created by SparkChange
- Covers almost the entire investable universe, including some private companies
- Focusses on the EU carbon market; however, companies across the globe are impacted
- In some sectors, results show a divergence in earnings of 25% between the best and worse performing companies

Data coverage

\$106 trn

market cap

>95%

of listed equities

6,490

listed corporates

75

private entities

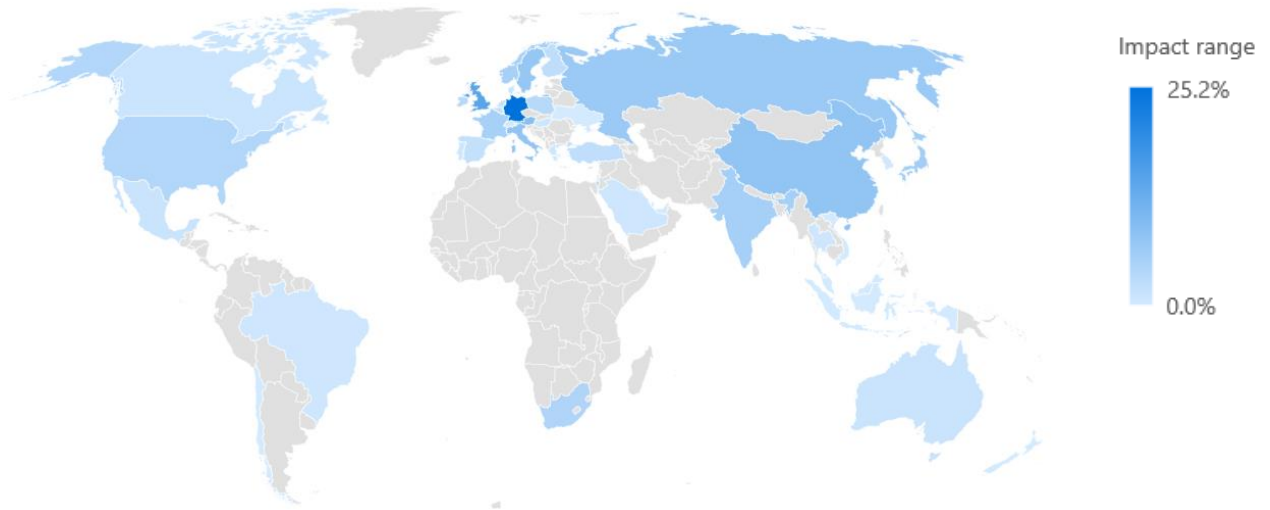
Focus on equity impact, but metrics also allow fixed income analysis

Materiality

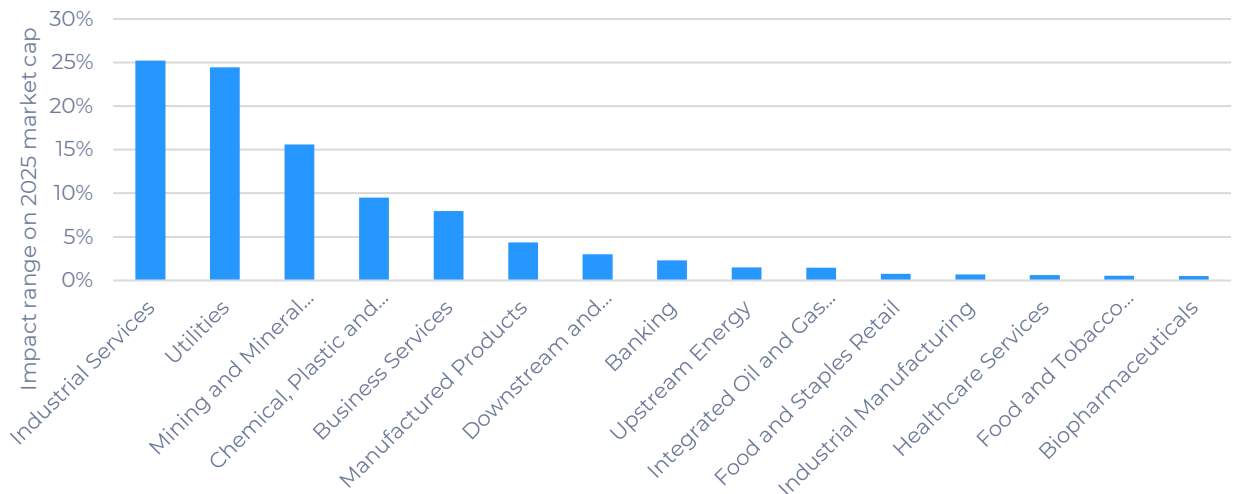
The impact on company valuations varies by sector and region. Currently, CarbonAlpha covers the EU ETS, the world's largest emissions trading system. Companies globally are impacted as they operate in Europe or export to the region.

The charts below show headline statistics on the impact of an 2025 EUA price of 100€ on corporates' market capitalisations in 2025. The first two charts look at the percentage point range within the region (best impacted corporate versus worst impacted corporate), while the last chart looks at Europe specifically, and shows the range of impacts for the biggest 15 sectors.

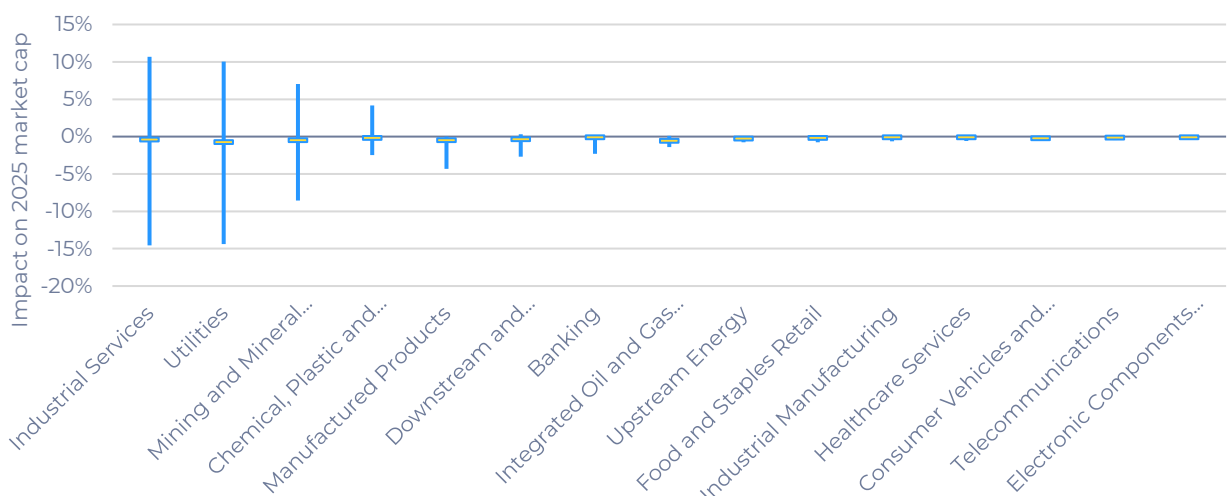
Geographical distribution of range in percentage points



Sectoral distribution of range – globally



Sectoral impact (Min/Max/Average) in Europe only



Source for all charts: SparkChange own calculations from CarbonAlpha September 2022



Contact Us

Combining extensive industry experience across carbon markets, financial products and data analytics, our 25+ team shares a passion for our company's mission: To link the financial world to carbon markets.



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