

ERI Scientific Beta and South Pole Group launch new low-carbon indexes: 80% carbon footprint reduction of equity investments and market outperformance

Zurich, Switzerland, and Boston, USA, 23 February –The launch of a new series of low carbon indexes by **ERI Scientific Beta**, the smart beta index provider set up by **EDHEC Risk Institute**, marks the practical realisation of the Risk Institute’s research efforts on reconciling financial and environmental performance. The launch represents an important moment for responsible finance as **the results of the research will provide institutional investors with smart beta indexes that can reduce the carbon footprint of their equity investments by more than 80%**. The smart beta indexes also **outperform traditional market indexes by creating more than 50% additional value in the medium term**. The new **ERI Scientific Beta Low Carbon Multi-Beta Multi-Strategy Indexes** are based on carbon emissions data provided by **South Pole Group**, a leading global sustainability solutions provider.

EDHEC Risk Institute's approach in creating the smart beta indexes differs from numerous other methods in its objectives regarding short and medium term performance: while the majority of low carbon indexes aim to outperform stock markets in the long term by excluding companies with higher exposure to carbon, the short and medium term gains would generally produce performance similar to that of traditional stock market indices. The green indexes produced by ERI Scientific Beta, on the other hand, aim to offer access to short and medium-term outperformance by using consensual results from financial research. The “green” premium will be able to play out as a long-term complement to performance: **ERI Scientific Beta's green and smart beta indexes already produce such outperformance performance by relying on the consensual state-of-the-art in academia in the area of factor investing and portfolio diversification.**

The smart beta indexes will have a strong positive impact on the environment by excluding the largest carbon emitters, i.e., the companies with the highest carbon intensity in each sector of activity and the largest holders of fossil assets. By weighing on the value of the stocks of the excluded firms, the smart beta indexes pressurize the companies in question to change their strategy or their production process in order to be removed from the exclusion list.

“We are delighted to share our expertise with ERI Scientific Beta to produce low-carbon versions of their highly respected multi-smart factor indexes. The combination of low-carbon emissions and state-of-the-art smart factor indexes is a compelling opportunity for investors globally,” says **Maximilian Horster, Director Financial Industry at South Pole Group.**

A special workshop at the EDHEC-Risk Days conference at The Brewery in London on March 15 will address the theme of “Smart Beta & Low Carbon” by **looking at the**

limitations of green stock picking. The workshop will examine the link between financial performance and carbon footprint reduction, and present the Scientific Beta Low Carbon Multi-Beta Multi-Strategy Indices.

To receive a press pass to the workshop, please visit the [registration website](#) or contact Joanne Finlay: joanne.finlay@edhec-risk.com.

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About ERI Scientific Beta

ERI Scientific Beta aims to be the first provider of a smart beta indices platform to help investors understand and invest in advanced beta equity strategies. Established by EDHEC-Risk Institute, one of the very top academic institutions in the field of fundamental and applied research for the investment industry, ERI Scientific Beta shares the same concern for scientific rigour and veracity, which it applies to all the services that it offers investors and asset managers. Part of EDHEC Business School, a not-for-profit organisation, EDHEC-Risk Institute has sought to provide the ERI Scientific Beta services in the best possible economic conditions.

The ERI Scientific Beta offering covers three major services: **Scientific Beta Indices**, **Scientific Beta Analytics** and **Scientific Beta Fully-Customised Benchmarks and EDHEC-Risk Smart Beta Solutions**.

With a concern to provide worldwide client servicing, ERI Scientific Beta is present in Boston, London, Nice, Singapore and Tokyo. ERI Scientific Beta has a dedicated team of 45 people who cover not only client support from Nice, Singapore and Boston, but also the development, production and promotion of its index offering.

About South Pole Group

The Zurich-based South Pole Group began as a project-driven company focused on developing and selling high-quality carbon credits. Today, it is the world's leading provider of climate solutions. South Pole Group helps public and private sector organisations develop climate proven policies and strategies. The company operates across four key business lines of carbon credit solutions, renewable energy, sustainability advisory and green finance. Areas of expertise cover, but are not

limited to, forests & land use, water, sustainable cities & buildings, as well as renewable energy and climate impact assessment for investments. For more information, visit www.thesouthpolegroup.com or follow the company @southpolegroup.