

What is Climate VaR?

[Woman] >> What is Climate Add Value at Risk? Climate Value at Risk is a forward-looking risk metric that reflects the change in value of a company, a security, or portfolio in different real-world scenarios. It is expressed in USD or percentage of current portfolio capital value; and incorporates both transition and physical risk scenarios. Transition scenarios consider how governments around the world may respond to climate change by introducing new legislation. Physical risk scenarios consider how increased emissions in the atmosphere may contribute to extreme weather events such as wildfires, coastal flooding, and heat waves. The aggregated climate VAR of both types of risk can then be used to compare investments across asset classes, including physical assets in your portfolio.



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