The Sustainable ETF Universe

In 2020, sustainable ETFs saw record inflows of $75 billion—triple those seen in 2019.

Below, we show the ESG ETF universe broken down by asset class, strategy, and carbon intensity, given its growing relevance in financial markets today.

**ESG type**

Globally, an increasing number of ETFs are ESG-focused, which means that they incorporate environmental, social, and governance (ESG) investing criteria.

**Integration approach**

An integration approach is when material ESG criteria are considered to identify and decrease long-term risk.

**Values & screening**

Values and screening approaches are designed to align with investor values and specific preferences.

**Values & screening 43.9%**

**North America**

Roughly 1,350 ESG ETFs were domiciled in North America.

**Europe**

Europe-focused ETFs expressed the highest ESG ratings across global regions.

**Domicile**

Europe is a leader, with over 50% of all ESG ETFs. European ETFs also had higher ESG Ratings than other regions.

**Asset class**

In 2020, 120 ESG ETFs were launched alone, the majority of which were equity ETFs.

<table>
<thead>
<tr>
<th>Asset class</th>
<th>Total ESG ETFs:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>410</td>
</tr>
<tr>
<td>Bond</td>
<td>16.8% 69</td>
</tr>
<tr>
<td>Mixed</td>
<td>20.4% 8</td>
</tr>
<tr>
<td>Alternative</td>
<td>0.5% 2</td>
</tr>
</tbody>
</table>

**Global ESG ETF growth**

Since 2015, ESG ETFs have grown 25X from $6 billion to over $150 billion AUM.

**Carbon intensity**

Carbon intensity shows a fund’s exposure to carbon-intensive companies. It is an important metric in measuring climate risk.

**North America**

39.3%

**Europe**

50.7%

**Other**

0.5%

**Asia**

6.1%

**Australia**

3.4%

**Impact**

2.5%

**Thematic**

12.9%

**High intensity**

Extraction-based sector funds, such as mining or energy ETFs, witnessed the highest carbon intensity levels.

**Moderate intensity**

A moderate carbon intensity level falls between 70 and 250 tons of CO2 equivalent/USD million sales.

**Low intensity**

Typically, ETFs that illustrated higher exposure to financials, banking, and insurance had the lowest carbon intensity.

**High intensity 18.4%**

**Very high 7.4%**

**Moderate 10.3%**

**Very low 5.7%**

**Low 13.4%**

**$ CO2**

Units of tons CO2 equivalent per USD million sales.

**Source:** MSCI ESG Research LLC (2021)