

MSCI Urges Industry to Incorporate ESG Considerations into Investment Processes

January 21, 2020

NEW YORK--([BUSINESS WIRE](#))--MSCI (NYSE: MSCI), a leading provider of mission critical decision support tools and services for the global investment community, is calling for all investors globally to more readily integrate Environmental, Social and Governance (ESG) considerations throughout their investment processes if they are to mitigate the risks and identify the opportunities of a rapidly changing world and contribute to an effective and balanced transition towards a sustainable economy.

MSCI has published "The MSCI Principles of Sustainable Investing," a framework designed to illustrate specific, actionable steps that investors can and should undertake to improve practices for ESG integration across the investment value chain. The framework includes three core pillars to full ESG integration:

1. **Investment Strategy:** Asset owners should integrate ESG considerations into their processes for establishing, monitoring and revising their overall investment strategy and asset allocation.
2. **Portfolio Management:** Portfolio managers should incorporate ESG considerations throughout the entire portfolio management process, including security selection, portfolio construction, risk management, performance attribution and client reporting.
3. **Investment Research:** Research analysts assessing companies and issuing investment recommendations to portfolio managers should integrate ESG considerations (including ESG company ratings) into their fundamental company analysis.

This publication, which can be found [on MSCI's website](#), is one of many resources designed to help investors identify new investment opportunities, manage emerging risks and achieve long-term, sustainable investment performance.

"The world is rapidly evolving due to dramatic environmental, social and governance shifts, including the effects and implications of climate change and the move to a low carbon economy, which will significantly impact the pricing of financial assets and the risk and return of investments, and lead to a large-scale re-allocation of capital over the next few decades," said **Henry Fernandez, Chairman & CEO at MSCI**.

"The need for a set of guidelines that will help all investment institutions around the world manage emerging opportunities and inherent risks associated with ESG considerations in pursuit of long-term, sustainable investment performance has never been greater. MSCI is fully committed to helping investors make better decisions for a better world, and these Principles of Sustainable Investing play a part towards achieving that mission," added Mr. Fernandez.

"Sustainable investing is a critically important part of the long-term investment process and our framework is designed to help investors understand approaches to effectively integrate ESG criteria as a core component of building a resilient portfolio," said **Remy Briand, Head of ESG at MSCI**. "Through our research, tools and efforts to promote transparency, we seek to support investors in the critical quest to integrate ESG considerations in their portfolios."

MSCI has been at the forefront of providing data, research and other tools to help enable ESG integration across the whole investment process and is committed to further advance solutions to facilitate and accelerate sustainable investing. Our research, ratings, indexes, models and portfolio analytics empower the world's largest and most sophisticated investors in their drive to integrate ESG considerations into their investment processes.

MSCI also promotes ESG transparency across the investment value chain by making publicly available our ESG ratings of the most commonly owned companies worldwide, as well as our methodologies for determining ESG company ratings and constructing ESG indexes. By April 30, 2020, MSCI will also make public the ESG characteristics of all MSCI Equity Indexes and of the most commonly owned mutual funds.

About MSCI Inc.

MSCI is a leading provider of critical decision support tools and services for the global investment community. With over 45 years of expertise in research, data and technology, we power better investment decisions by enabling clients to understand and analyze key drivers of risk and return and confidently build more effective portfolios. We create industry-leading research-enhanced solutions that clients use to gain insight into and improve transparency across the investment process. To learn more, please visit www.msci.com.

This document and all of the information contained in it, including without limitation all text, data, graphs, charts (collectively, the "Information") is the property of MSCI Inc. or its subsidiaries (collectively, "MSCI"), or MSCI's licensors, direct or indirect suppliers or any third party involved in making or compiling any Information (collectively, with MSCI, the "Information Providers") and is provided for informational purposes only. The Information may not be modified, reverse-engineered, reproduced or disseminated in whole or in part without prior written permission from MSCI.

The Information may not be used to create derivative works or to verify or correct other data or information. For example (but without limitation), the Information may not be used to create indexes, databases, risk models, analytics, software, or in connection with the issuing, offering, sponsoring, managing or marketing of any securities, portfolios, financial products or other investment vehicles utilizing or based on, linked to, tracking or otherwise derived from the Information or any other MSCI data, information, products or services.

The user of the Information assumes the entire risk of any use it may make or permit to be made of the Information. NONE OF THE INFORMATION PROVIDERS MAKES ANY EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS WITH RESPECT TO THE INFORMATION (OR THE RESULTS TO BE OBTAINED BY THE USE THEREOF), AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, EACH INFORMATION PROVIDER EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES (INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF ORIGINALITY, ACCURACY, TIMELINESS, NON-INFRINGEMENT, COMPLETENESS, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE) WITH RESPECT TO ANY OF THE INFORMATION.

Without limiting any of the foregoing and to the maximum extent permitted by applicable law, in no event shall any Information Provider have any

liability regarding any of the Information for any direct, indirect, special, punitive, consequential (including lost profits) or any other damages even if notified of the possibility of such damages. The foregoing shall not exclude or limit any liability that may not by applicable law be excluded or limited, including without limitation (as applicable), any liability for death or personal injury to the extent that such injury results from the negligence or willful default of itself, its servants, agents or sub-contractors.

Information containing any historical information, data or analysis should not be taken as an indication or guarantee of any future performance, analysis, forecast or prediction. Past performance does not guarantee future results.

The Information should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. All Information is impersonal and not tailored to the needs of any person, entity or group of persons.

None of the Information constitutes an offer to sell (or a solicitation of an offer to buy), any security, financial product or other investment vehicle or any trading strategy.

It is not possible to invest directly in an index. Exposure to an asset class or trading strategy or other category represented by an index is only available through third party investable instruments (if any) based on that index. MSCI does not issue, sponsor, endorse, market, offer, review or otherwise express any opinion regarding any fund, ETF, derivative or other security, investment, financial product or trading strategy that is based on, linked to or seeks to provide an investment return related to the performance of any MSCI index (collectively, "Index Linked Investments"). MSCI makes no assurance that any Index Linked Investments will accurately track index performance or provide positive investment returns. MSCI Inc. is not an investment adviser or fiduciary and MSCI makes no representation regarding the advisability of investing in any Index Linked Investments.

Index returns do not represent the results of actual trading of investible assets/securities. MSCI maintains and calculates indexes, but does not manage actual assets. Index returns do not reflect payment of any sales charges or fees an investor may pay to purchase the securities underlying the index or Index Linked Investments. The imposition of these fees and charges would cause the performance of an Index Linked Investment to be different than the MSCI index performance.

The Information may contain back tested data. Back-tested performance is not actual performance, but is hypothetical. There are frequently material differences between back tested performance results and actual results subsequently achieved by any investment strategy.

Constituents of MSCI equity indexes are listed companies, which are included in or excluded from the indexes according to the application of the relevant index methodologies. Accordingly, constituents in MSCI equity indexes may include MSCI Inc., clients of MSCI or suppliers to MSCI. Inclusion of a security within an MSCI index is not a recommendation by MSCI to buy, sell, or hold such security, nor is it considered to be investment advice.

Data and information produced by various affiliates of MSCI Inc., including MSCI ESG Research LLC and Barra LLC, may be used in calculating certain MSCI indexes. More information can be found in the relevant index methodologies on www.msci.com.

MSCI receives compensation in connection with licensing its indexes to third parties. MSCI Inc.'s revenue includes fees based on assets in Index Linked Investments. Information can be found in MSCI Inc.'s company filings on the Investor Relations section of www.msci.com.

MSCI ESG Research LLC is a Registered Investment Adviser under the Investment Advisers Act of 1940 and a subsidiary of MSCI Inc. Except with respect to any applicable products or services from MSCI ESG Research, neither MSCI nor any of its products or services recommends, endorses, approves or otherwise expresses any opinion regarding any issuer, securities, financial products or instruments or trading strategies and MSCI's products or services are not intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Issuers mentioned or included in any MSCI ESG Research materials may include MSCI Inc., clients of MSCI or suppliers to MSCI, and may also purchase research or other products or services from MSCI ESG Research. MSCI ESG Research materials, including materials utilized in any MSCI ESG Indexes or other products, have not been submitted to, nor received approval from, the United States Securities and Exchange Commission or any other regulatory body.

Any use of or access to products, services or information of MSCI requires a license from MSCI. MSCI, Barra, RiskMetrics, IPD and other MSCI brands and product names are the trademarks, service marks, or registered trademarks of MSCI or its subsidiaries in the United States and other jurisdictions. The Global Industry Classification Standard (GICS) was developed by and is the exclusive property of MSCI and Standard & Poor's. "Global Industry Classification Standard (GICS)" is a service mark of MSCI and Standard & Poor's.

MIFID2/MIFIR notice: MSCI ESG Research LLC does not distribute or act as an intermediary for financial instruments or structured deposits, nor does it deal on its own account, provide execution services for others or manage client accounts. No MSCI ESG Research product or service supports, promotes or is intended to support or promote any such activity. MSCI ESG Research is an independent provider of ESG data, reports and ratings based on published methodologies and available to clients on a subscription basis. We do not provide custom or one-off ratings or recommendations of securities or other financial instruments upon request.

Privacy notice: For information about how MSCI ESG Research LLC collects and uses personal data concerning officers and directors, please refer to our Privacy Notice at <https://www.msci.com/privacy-pledge>.

Contacts

Investor Inquiries

investor.relations@msci.com
Salli Schwartz +1 646 662 9343

Media Inquiries

PR@msci.com
Sam Wang +1 212 804 5244
Melanie Blanco +1 212 981 1049

Laura Hudson +44 20 7336 9653
Rachel Lai +852 2844 9315

MSCI Global Client Service

EMEA Client Service + 44 20 7618.2222

Americas Client Service +1 888 588 4567 (toll free)

Asia Pacific Client Service + 852 2844 9333

MSCI