

Welcome to your CDP Climate Change Questionnaire 2019



C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

MSCI Inc. (“MSCI”) is a leading provider of critical decision support tools and services for the global investment community. 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 (i.e., the usage of our products and/or services by our clients to help them achieve their specific investment objectives) that clients use to gain insight into and improve transparency across the investment process. We are able to do this by leveraging our knowledge of the global investment process and our expertise in research, data and technology in order to deliver actionable solutions for our clients. We are dynamic and flexible in the delivery of our content and capabilities, such as (i) our indexes, (ii) portfolio construction tools and risk management applications, (iii) Environmental, Social and Governance (ESG) research and ratings, and (iv) real estate benchmarks, analytics services and market insights, much of which can be accessed by our clients through multiple channels and platforms.

As a client-centric company, we seek to bring clarity to dynamic and increasingly complex financial markets and offer innovative solutions to help our clients adapt to a fast-changing marketplace. As the needs of our clients change, so do our offerings. Our clients use our offerings in a variety of ways for their most important investment activities across multiple asset classes to more efficiently implement their investment strategies and to integrate ESG considerations into their investment processes.

Our ESG products are provided by MSCI ESG Research LLC (“MSCI ESG Research”), a Registered Investment Adviser under the Investment Advisers Act of 1940. Through ESG research and applications we deliver in-depth research, ratings and analysis of the environmental, social and governance-related business practices of over 7,800 companies (approximately 14,000 issuers including subsidiaries) worldwide. Our research provides critical insights that can help institutional investors identify risks and opportunities that can impact the performance of their investments. As of December 31, 2018, ESG Research products were used by over 1,200 investors worldwide. By helping our clients pursue sustainable and socially responsible investing strategies, our role is important in facilitating investment decisions that can ultimately lead to a better world.

For example, climate change is a key issue for many investors. Our climate change team supports clients by providing products that help them measure and report on climate risk exposure, implement low carbon and fossil fuel-free investment strategies, and integrate climate change research into their risk management processes. These products include climate



risk metrics, carbon portfolio reporting, low carbon indexes and tools to identify clean-tech and environmentally-oriented companies.

The sustainable investments market is increasing, and we offer products and services to support investment processes that incorporate sustainability considerations. Products, services and insights that help investors adopt an ESG investing strategy include:

- In support of the trend towards greater investment transparency, as of December 31, 2018 MSCI ESG Research covered over 31,000 mutual funds and ETFs. MSCI transparency, MSCI ESG Fund Metrics measures the ESG characteristics of portfolio holdings and rank or screen funds based on diverse factors including sustainable impact, values alignment and ESG risks.
- To help investors identify the extent of companies' involvement in activities with positive social and environmental impacts, MSCI ESG Sustainable Impact Metrics allows investors to identify companies with products or services that address at least one of the major social and environmental challenges as defined by the UN Sustainable Development Goals. MSCI ESG Indexes utilize information from, but not provided by, MSCI ESG Research.
- We published a series of research papers called "Foundations of ESG Investing"
- To enable investors to incorporate ESG beliefs throughout the entire investment process (asset allocation, portfolio construction, risk management, performance attribution), we integrated MSCI ESG Research ratings, data and indexes into most of our Analytics portfolio and risk management systems.
- To help institutional investors benchmark ESG investment performance, issue index-based investment products, as well as measure and report on ESG mandates, we constantly innovate our ESG index products.

For more information visit www.msci.com.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years
Row 1	January 1, 2018	December 31, 2018	No

C0.3

(C0.3) Select the countries/regions for which you will be supplying data.

- Australia
- Brazil
- Canada
- China
- China, Hong Kong Special Administrative Region
- France
- Germany
- Hungary
- India
- Italy

- Japan
- Mexico
- Netherlands
- Philippines
- Republic of Korea
- Singapore
- South Africa
- Sweden
- Switzerland
- Taiwan, Greater China
- United Arab Emirates
- United Kingdom of Great Britain and Northern Ireland
- United States of America

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

- USD

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your consolidation approach to your Scope 1 and Scope 2 greenhouse gas inventory.

- Operational control

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

- Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Chief Executive Officer (CEO)	Our CEO serves as the Chairman of MSCI's Board of Directors ("Board"), the highest governance and oversight body at MSCI, comprised of independent non-employee directors, other than our CEO. In this position, he is able to provide

	MSCI with unified leadership and direction and holds the highest position of accountability, responsibility, and oversight over MSCI's operations, including any associated climate-related issues that might arise from time to time.
Board-level committee	The Nominating and Corporate Governance Committee of the Board ("NCG Committee") is a standing committee of the Board comprised of all independent non-employee directors. As stated in its Charter, the NCG Committee is responsible for overseeing environmental, social, and governance matters as they pertain to MSCI's business and long-term strategy. The Chair of the NCG Committee provides a report each quarter to the full Board, and as material ESG matters are discussed by the NCG Committee, such matters are also reported to the full Board. Beginning in 2019, the NCG Committee receives updates twice a year from MSCI's Chief Responsibility Officer ("CRO"), who leads the Corporate Responsibility Committee ("CRC"), a management-level committee responsible for ESG disclosures and management practices.
Board-level committee	The Audit Committee, a standing committee of the Board comprised of all independent non-employee directors, is responsible for reviewing (i) MSCI's key business risks, (ii) policies and practices for risk governance, risk assessment, and risk management, and (iii) steps taken to monitor and mitigate such risks. In conducting its review of MSCI's material risks, it is expected that the Audit Committee would be informed of climate-related risks impacting MSCI's operations if such risks ever reached the level of materiality that would result in a significant impact to MSCI's operations or financial results (e.g. impact of climate disasters on IT infrastructure / business continuity, etc.).
Board-level committee	The Strategy and Finance Committee, a standing committee of the Board comprised mostly of independent non-employee directors, provides management with guidance on MSCI's business strategy, which may include sustainability-related opportunities (e.g. climate-related products/services).

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – some meetings	Setting performance objectives	The Compensation & Talent Management Committee ("C&TM"), a standing committee of the Board comprised of independent non-employee directors, is responsible for reviewing, approving, and assessing the attainment of corporate goals and objectives to be used in setting the compensation for our Company's Executive Committee members, which includes our CEO and CRO. Annually, the C&TM meets to set such goals and again to evaluate their achievement. Under our Company's annual cash

		incentive plan, executives receive cash bonuses based on the attainment of the level of financial performance metrics (weighted at 70%) and individual key performance indicators (“KPIs”) (weighted at 30%). For their 2019 KPIs, each of our CEO and CRO have incorporated into their KPIs the goal of championing a strong ESG / corporate responsibility platform throughout MSCI.
Scheduled – some meetings	<p>Reviewing and guiding major plans of action</p> <p>Reviewing and guiding risk management policies</p>	The Audit Committee receives a quarterly report from MSCI’s Enterprise Risk Management (“ERM”) Officer on the work of MSCI’s Enterprise Risk Management Oversight Committee (“ERO”), a management-level committee tasked with overseeing MSCI’s risk management activities. The Chair of the Audit Committee then provides a quarterly report to the Board.
Scheduled – some meetings	<p>Reviewing and guiding strategy</p> <p>Reviewing and guiding risk management policies</p>	Beginning in 2019, the NCG Committee receives a report from the CRO twice a year on the CRC’s operating plan and its progress. The operating plan provides an initial framework for reviewing and analyzing MSCI’s ESG practices, determining high impact areas for improvement of MSCI’s practices and disclosures and developing and implementing short and long-term plans to address key areas and gaps. The CRO also reports to the committee any ESG-related initiatives. Following such reports, the Chair of the NCG Committee will then provide a report to the full Board on material matters.
Scheduled – some meetings	<p>Reviewing and guiding strategy</p> <p>Overseeing major capital expenditures, acquisitions and divestitures</p>	The Strategy & Finance Committee, a standing committee of the Board comprised mostly of independent non-employee directors, provides management with guidance on MSCI’s business strategy, which may include sustainability-related opportunities (e.g. climate-related products/services). This Committee also reviews and provides recommendations to the Board on acquisitions and divestitures. Through its strategy and budgeting approval process, the Board is presented with investment opportunities that include initiatives that, among other things, allow MSCI ESG Research to establish itself as a leading provider of ESG-related tools and services that may include climate related products and services.

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
Risk committee	Both assessing and managing climate-related risks and opportunities	As important matters arise
Other C-Suite Officer, please specify Chief Human Resources Officer (CHRO)	Both assessing and managing climate-related risks and opportunities	As important matters arise

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

The NCG Committee is responsible for overseeing ESG matters pertaining to MSCI's business and long-term strategy, and the Audit Committee oversees MSCI's material risks and opportunities, which could include climate-related risks if they had a material impact on MSCI's operations. Such committees report to the full Board on matters discussed during committee meetings, and if climate-related issues were to become a material topic of discussion, they would be discussed with the full Board. The full Board reviews and approves the annual operating budget which includes investments in ESG-related opportunities. At the management level, there are two committees that would be responsible for assessing climate-related risks and implementing climate-related practices: the EROC and the CRC, respectively.

The EROC is comprised of the President, the Chief Operating Officer (COO), the Chief Financial Officer (CFO), the General Counsel, the Chief Human Resources Officer (CHRO), the Chief Technology Officer (CTO) and the Enterprise Risk Management Officer (ERMO) to ensure well rounded representation of potential risk exposure. The EROC oversees MSCI's risk management activities to ensure that MSCI is identifying, evaluating, and managing risks that may have an adverse impact on MSCI's ability to achieve its operational and strategic objectives. One area of focus for the EROC is business continuity planning, which involves the process through which MSCI's physical and technological infrastructure is tested for emergency scenarios, which could include material climate-related emergencies. Should such material climate-related risks be discussed by the EROC, such risks would be reported to the Audit Committee. The ERMO reports to the Audit Committee on a quarterly basis on the work of the EROC. Starting in 2019, the ERMO began reporting to the CFO. The CRC, established at the end of 2018, is led by the CRO who coordinates efforts to implement sound ESG policies and practices. Beginning in 2019, the CRO provides updates to the NCG Committee twice a year on the work of the CRC. As of the end of 2018, the CRO reports to the CEO in relation to the CRO function. In addition to the CRO, the CRC is also comprised of a cross-functional team of senior leaders within MSCI, and was organized at the end of 2018:

1. CHRO: an Executive Committee level officer, who provides insight on ESG matters from a Human Resources perspective and input on resources that might be available to improve MSCI's ESG practices. The CHRO reports to MSCI's CEO.
2. Corporate Secretary and Securities Counsel: provides insight into the applicable regulatory and governance frameworks impacting ESG practices and disclosures; reports to MSCI's General Counsel.
3. Head of Global Communications: assists in framing the messaging around MSCI's ESG practices to both internal and external stakeholders; reports to MSCI's COO/Chief Client Officer.
4. Head of Investor Relations: liaises with investors on ESG matters, including climate change, and communicates to the CRC investors' expectations with respect to MSCI's ESG practices; reports to MSCI's CFO.
5. Head of ESG Research: oversees MSCI's ESG research function, which provides insight into the ESG practices of companies around the world and is thus best positioned to provide substantive expertise to the CRC's own processes and decision; reports to MSCI's Global Head of Research.
6. Head of Global Corporate Services Department ("GCSD"): oversees MSCI's Corporate Real Estate and Procurement Department, recommends and oversees initiatives to reduce MSCI's and MSCI's vendors' impact on the environment, and collaborates with the IT function to ensure business continuity during extreme climate events. Responsibilities also include understanding climate change risks and opportunities for MSCI's office facilities; reports to MSCI's CHRO.
7. CRC Project Manager: responsible for the execution of the CRC framework and initiatives; Reports to the Project Management Office. Any climate-related policies that would be implemented at MSCI would be reviewed by the CRC. The CRC would then provide oversight to these policies.

Additionally, local employee-driven focus groups have been established in MSCI's Berkeley (US) – in 2019, London (UK) – in 2018, Monterrey (Mexico) – in 2018, Mumbai (India) – in 2018 and San Francisco (US) - in 2019. These Employee Resource Groups ("ERGs") aim to increase awareness of regional staff around material environmental issues and manage them over time, including through behavior change. Achievements include replacing kitchen and shower supplies with sustainable alternatives, installing recycling and composting bins alongside the regular trash bins, and sharing information with staff on how to reduce plastic use both in and out of the office. Further expansion of these ERGs into additional MSCI offices globally, along with global reporting on progress, is anticipated during the latter part of 2019.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

Yes

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Who is entitled to benefit from these incentives?

Facilities manager

Types of incentives

Monetary reward

Activity incentivized

Energy reduction project

Comment

The Head of the GCSD, who reports to the CHRO, incentivizes his employees (and is in turn incentivized through his compensation) to take various environmental factors (including existence of landlord-driven or local recycling initiatives, use of sustainable and energy-efficient materials, and control systems enabling the efficient use of power and availability of public transport for employees) into consideration as part of MSCI's approach to acquiring new office space. When selecting new office space, the GCSD also considers a property's vulnerability to extreme weather events and natural disasters.

In addition, the practices of the GCSD have led to the purchase of energy-efficient products for MSCI's offices and the wide use of sustainable products including recycled and low environmental impact materials and the elimination of single-use plastic items. This has contributed to an emissions reduction trend and MSCI forecasts the continued selection of lower-impact equipment and materials to result in a further reduction in MSCI's emissions. MSCI significantly reduces its environmental impact linked to physical travel through business travel policies that encourage employees to plan trips well in advance, to bundle short duration trips into fewer longer term trips and to take fewer physical trips by holding virtual meetings supported by conferencing technologies. MSCI averages over 13,000 virtual meetings monthly.

Who is entitled to benefit from these incentives?

Executive officer

Types of incentives

Monetary reward

Activity incentivized

Other, please specify
Environmentally focused products

Comment

The Heads of MSCI's ESG, Index and Analytics product lines are members of MSCI's Executive Committee and report to the President of MSCI. The product line heads are responsible for enhancing MSCI's current ESG product offerings, integrating new and current ESG capabilities into existing products, and providing platforms and flexible

technologies that enable users access to ESG products and services. MSCI seeks to drive growth in use and subscriptions by our end clients in ESG products (products that help clients to integrate ESG considerations into clients' investment processes).

Additionally, the Global Head of Research and Product Development is also a member of the MSCI Executive Committee and oversees the publication of ESG-related research and participation in conferences to further global understanding of sustainability issues.

Finally, the Chief Strategy Officer is also a member of MSCI's Executive Committee and helps to coordinate the efforts of the individuals described above, including initiatives related to ESG, to help ensure that MSCI's business activities promote its mission to power better investment decisions for a better world.

Under MSCI's pay-for-performance compensation program, the compensation paid to each Executive Committee member described above is comprised of a base salary, equity awards and annual cash bonus. These three components are determined by both MSCI's overall financial performance during the year and the executive's individual performance. A part of this performance is determined by the extent to which MSCI is successful in launching ESG offerings and expanding existing ones.

Who is entitled to benefit from these incentives?

President

Types of incentives

Monetary reward

Activity incentivized

Other, please specify

Environmentally focused products

Comment

As part of MSCI's overall revenue growth goals, MSCI's President's compensation is linked to, amongst other things, the management and development of climate-related products and service offerings. The President is incentivized based on the financial performance of MSCI including the impact on share price and the achievement of sales targets for MSCI's reporting segment that includes the ESG product line which include ESG and climate related indexes. MSCI ESG Research's climate-related solutions include:

- 1) MSCI ESG Analytics: a tool that allows clients to integrate ESG into portfolio construction and risk management using MSCI's Multi-Asset Class risk and performance analytics systems.
- 2) Climate Change Metrics: carbon management assessment, carbon and clean tech metrics and fossil fuel screens for portfolio construction.
- 3) Carbon Portfolio Analytics: a tool to help clients understand, measure and manage carbon risk at the portfolio, sector and company level.

C2. Risks and opportunities

C2.1

(C2.1) Describe what your organization considers to be short-, medium- and long-term horizons.

	From (years)	To (years)	Comment
Short-term	0	1	
Medium-term	1	3	
Long-term	3		

C2.2

(C2.2) Select the option that best describes how your organization’s processes for identifying, assessing, and managing climate-related issues are integrated into your overall risk management.

Integrated into multi-disciplinary company-wide risk identification, assessment, and management processes

C2.2a

(C2.2a) Select the options that best describe your organization’s frequency and time horizon for identifying and assessing climate-related risks.

	Frequency of monitoring	How far into the future are risks considered?	Comment
Row 1	Six-monthly or more frequently	1 to 3 years	N/A

C2.2b

(C2.2b) Provide further details on your organization’s process(es) for identifying and assessing climate-related risks.

At the company level: MSCI’s EROC is the management-level committee that assesses and prioritizes MSCI’s risks using a standardized risk assessment framework which considers the likelihood of regulatory, reputational, financial, operational, or customer impact. The EROC is led by MSCI’s Enterprise Risk Officer, who periodically reports on findings and progress to the Audit Committee.

While MSCI, as a people-intensive business, may not be subject to the same level of climate-related risks as other resource-intensive businesses that have manufacturing plants or own real estate, to the extent that climate-related issues may impact MSCI’s operations or financial results, such issues are escalated as needed to the EROC. For example, climate change may exacerbate extreme weather events and other natural disasters, which could interrupt the continuity of MSCI’s operations and may have the potential to impact MSCI’s ability to provide clients with access to its products and services.

From time to time, the Head of Information Technology (IT) Risk reports to the Audit Committee on MSCI’s business continuity plans and IT disaster recovery planning efforts designed to mitigate the impact of such potential disruptions, including those caused by climate and extreme weather events. MSCI’s Business Resiliency team assesses the severity, probability, and scale of extreme climate events in geographies that it operates within and develops systems to support MSCI’s business continuity plans.

To assess MSCI’s most probable climate-related facility-level physical and enterprise-level transition risks, MSCI conducted a climate-related scenario analysis (in alignment with the TCFD Recommendations) in early 2019. Drawing from the findings of this analysis and given MSCI’s mission, operations, and locations worldwide, overall, the top three climate-related financial risks currently are: temperature extremes, storm damage, and litigation under both the “business as usual” (RCP8.5) and “two-degree” (RCP4.5) scenarios. By 2040, MSCI’s top three climate-related financial risks change slightly to include coastal flooding.

C2.2c

(C2.2c) Which of the following risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Not relevant, explanation provided	MSCI is currently not subject to climate-related regulations. MSCI monitors development of climate-related regulation and legislation.
Emerging regulation	Relevant, sometimes included	Depending on the type of regulation, the relevant groups will be responsible for keeping up to date on the regulations. For example, if there are regulations about climate disclosures, our facilities or legal teams would review them. If it is about climate indicators being built into our products, our legal team and product teams would review them.
Technology	Relevant, always included	MSCI’s IT Disaster Recovery Planning aims to mitigate key risks to its IT infrastructure resulting from climate and extreme weather events amongst other disasters. Historically, MSCI has directly experienced the impact of weather in Mumbai, our largest production office and in Norman, Oklahoma, a key data and technology office. We successfully mitigated the impact of these events by activating our business resiliency program. MSCI routinely conducts table top disaster simulation events, including extreme weather events, for every office.
Legal	Not relevant, explanation provided	Due to the nature of our business and the products and services we provide, we do not consider legal risk arising out of climate-related matters to be material. We structure our client and vendor contracts so as to minimize exposure to liability (including that which may arise from climate-related events or patterns) and have robust business continuity processes in place. In addition, we lease all of our office

		space. To the extent climate-related incidents could contribute to increased legal risk (including litigation risk), we expect that any such material risks would be discussed at the EROC and communicated to the Audit Committee of the Board.
Market	Relevant, always included	MSCI conducts consultations with the global investment community and we engage with clients through regular meetings and events such as client advisory panels, so that we can build changes in client needs into our products including those related to climate risk. MSCI has low carbon indexes and in 2019 launched Climate Change indexes.
Reputation	Relevant, always included	Climate-related risks could disrupt our ability to provide products and services to clients which could negatively impact our reputation. In addition, MSCI's reputation could be negatively impacted should we fail to adequately respond to a stakeholder's request for climate related disclosure or action.
Acute physical	Relevant, always included	The most significant impact from acute physical risks is likely to MSCI's IT Infrastructure. MSCI's IT Disaster Recovery Planning aims to mitigate key risks to its IT infrastructure resulting from climate and extreme weather events amongst other disasters. Historically MSCI has directly experienced the impact of weather in Mumbai, our largest production office and in Norman, Oklahoma, a key data and technology office. We successfully mitigated the impact of these events by activating our business resiliency program. MSCI routinely conducts table top disaster simulation events, including extreme weather events, for every office. MSCI maintains backup systems of its Real Time Index product.
Chronic physical	Relevant, always included	The most significant impact from chronic physical risks is likely to MSCI's IT Infrastructure. MSCI's IT Disaster Recovery Planning aims to mitigate key risks to the firm including chronic weather and climate related risks.
Upstream	Relevant, sometimes included	MSCI would be impacted if one of its key vendors was unable to provide products or services upon which MSCI relies in order to provide MSCI's product and services. Whenever feasible, MSCI identifies multiple sourcing of critical services.
Downstream	Relevant, sometimes included	MSCI's clients could be negatively impacted by climate related risks. To the extent that such risks could negatively impact the demand for our products and services, this could result in negative financial and operational impacts to MSCI. MSCI's clients are across the globe, potentially minimizing the impact of any one event.

C2.2d

(C2.2d) Describe your process(es) for managing climate-related risks and opportunities.

The process for managing climate-related risks and opportunities is integrated into multi-disciplinary company-wide risk identification, assessment, and management processes. MSCI's EROC, a management level committee, oversees MSCI's risk management activities to ensure the firm is monitoring, assessing, and managing risks that may have an adverse impact on the firm's ability to achieve its goals.

While MSCI, as a people-intensive business, may not be subject to the same level of risks as other resource-intensive businesses that have manufacturing plants or own real estate, to the extent that carbon-related issues may impact its operations or financial results, such issues are addressed as part of MSCI's overall business continuity and IT disaster recovery planning. For example, climate-related issues could exacerbate extreme weather events or natural disasters, which could have the potential to impact MSCI's IT and physical infrastructure's ability to provide clients with its products and services. The Business Resiliency team within IT Risk develops, implements, and tests technology systems to support MSCI's business continuity plans. MSCI's business continuity and IT disaster recovery plans are tested periodically, and results are reported to MSCI's IT Risk Oversight Committee on a quarterly basis. MSCI's Crisis Management Team and Technology Service Operations Service Management Team are responsible for all aspects of disaster response and recovery response efforts. Disaster recovery planning and testing encompasses protecting the general welfare and safety of MSCI's employees, data centers, networks, applications supporting business operations, communications systems, and general technology recovery following an extreme weather incident or natural disaster.

The CRC identifies ESG initiatives that promote sustainability. The initiatives are informed by the members of the CRC. For example, as a member of the CRC, the Head of Investor Relations, informs the CRC of ESG-related matters that are important to MSCI's investors (including climate change). To further assess its climate-related risks, in 2019, the CRC had a climate-related scenario analysis performed. The analysis is intended to help MSCI in its ongoing efforts to build upon the processes and frameworks for managing climate-related risks and opportunities and improving its communications around these efforts, including those related to lowering its environmental impact and achieving energy efficiency.

The process for managing climate-related commercial opportunities is done at a product line level. The heads of our product lines and key functional areas (e.g., Research and IT) oversee efforts to conduct regular consultations with the global investment community and engage with clients through regular meetings and events such as client advisory panels to better understand the demand for climate-related products. For example, our climate change team within MSCI ESG Research supports our clients by providing products that help them measure and report on climate risk exposure, implement low carbon and fossil fuel-free investment strategies and factor climate change research into their risk management processes. There is ongoing development of new models that are used by our clients in combination with the risk analytical tools developed within our Analytics product line to manage climate risk exposure.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Physical risk

Primary climate-related risk driver

Acute: Increased severity of extreme weather events such as cyclones and floods

Type of financial impact

Reduced revenue from decreased production capacity (e.g., transport difficulties, supply chain interruptions)

Company- specific description

While MSCI's primary business of providing financial products and services does not expose us directly to climate-related risks, we may experience a local or regional climate-related issue or other business continuity problem, such as a heat wave, hurricane, or flood resulting in power loss or telecommunications failure. Our ability to continue to operate depends, in part, on the health and availability of our personnel, our office facilities, and the proper functioning of our electronic, telecommunication and other related systems and operations. In such an event, we could experience operational challenges with regard to particular areas of our operations, such as availability of key executive officers or personnel, that could have an adverse effect on our business.

MSCI maintains comprehensive, all peril insurance coverage to help mitigate the simultaneous loss (temporary or permanent) of several major MSCI facilities. Historically MSCI has directly experienced the impact of weather in Mumbai, our largest production office and in Norman, Oklahoma, a key data and technology office. We successfully mitigated the impact of these events by activating our business resiliency plans. MSCI routinely conducts table top disaster simulation events, including extreme weather events, for every office.

Time horizon

Current

Likelihood

Likely

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Management continually evaluates the likelihood and impact of business interruption events and implements and maintains business resiliency plans and ongoing tests.

Management method

While not all disasters can be fully anticipated, we regularly assess and take steps to improve our existing business continuity plans, including by establishing and maintaining state of the art computational facilities and employing a geographically diverse operational workforce and leadership team. MSCI’s business continuity plans and IT disaster recovery planning efforts have aided MSCI’s ability to operate in a “business as usual” fashion in the face of climate-related events such as Hurricane Sandy in the Northeast US, droughts in South Africa, monsoons in Mumbai, flooding in Budapest, extreme heat in Western Europe, tornados in Oklahoma and typhoons in Manila and Hong Kong. MSCI reviews, updates and tests these plans routinely. As part of our ongoing review of our business continuity plans, climate change impacts are considered along with various other potential events which can impact MSCI locations.

Since our business continuity plans are designed to mitigate any inability for MSCI to continue its business operations regardless of whether the risks are driven by climate factors or other factors, we do not incur any incremental cost of managing this risk from a climate perspective.

This is the approximate annual spend MSCI invests to maintain a dedicated Business Continuity Plan team, business continuity planning software and ongoing IT and project management costs to manage plans, testing, and communication.

Cost of management

850,000

Comment

We maintain a dedicated Business Continuity Plan group as well as business continuity planning software to manage plans, testing, and communication.

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Physical risk

Primary climate-related risk driver

Chronic: Changes in precipitation patterns and extreme variability in weather patterns

Type of financial impact

Increased capital costs (e.g., damage to facilities)

Company- specific description

Increased severity of extreme weather events puts MSCI's physical locations at risk. For example, our largest office is in Mumbai, which in recent years, has experienced episodes of extreme weather, including longer monsoon seasons. Based on our TCFD scenario analysis of MSCI's offices and data centers, the Mumbai location has the greatest absolute risk, driven by its asset value and its exposure to temperature extremes. Exposure in Mumbai is dominated by temperature extremes, which can increase cooling costs, reduce the quantity of water availability, and affect employee productivity. Our other larger offices may also experience weather-related damage, such as flooding, that could increase our costs of operations, maintenance, and disaster response and recovery.

Time horizon

Current

Likelihood

About as likely as not

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

1

Potential financial impact figure – maximum (currency)

100,000

Explanation of financial impact figure

MSCI maintains comprehensive, all peril insurance coverage to help mitigate the simultaneous loss (temporary or permanent) of several major MSCI facilities. The range

provided indicates the potential financial impact that would not be covered through our insurance program.

Management method

MSCI annually assesses and obtains comprehensive third-party insurance to mitigate the impact, including climate-related, of damage to its physical facilities and business disruptions. On an annual basis, MSCI incurs a \$200,000 expense to maintain third-party insurance coverage to protect our business from various damages.

Cost of management

200,000

Comment

We continue to evaluate the adequacy of our insurance to mitigate the risks.

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Customer

Risk type

Transition risk

Primary climate-related risk driver

Market: Changing customer behavior

Type of financial impact

Reduced demand for goods and/or services due to shift in consumer preferences

Company- specific description

The investment industry is increasingly looking for products and services to support more sustainable markets and implement effective risk disclosure and management strategies (including climate-related risks) within the broader ESG field. In response to this increased demand, we expect the competition in this industry to also increase. We do regular consultations with the global investment community and we engage with clients through regular meetings and events such as client advisory panels. MSCI invests in ESG products and anticipates increased demand.

Time horizon

Current

Likelihood

Very unlikely

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

We offer competitive ESG products and invest into R&D and innovation in this area.

Management method

MSCI and MSCI ESG Research continue to assess and develop a comprehensive portfolio of innovative solutions to respond to industry trends and consumer demand. For example, if clients' regulatory obligations change, we may consider changing our product offering. MSCI does not incur any additional costs for managing this risk, as developing a comprehensive portfolio of innovation solutions including climate-finance related products and services is one of its main business focuses. We consider these products and services to be embedded in our management costs and to be part of our core business strategy.

Cost of management

1

Comment

These offerings are across all of our products and services and the cost of management of these activities is embedded in a multi-functional comprehensive framework.

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?

Customer

Opportunity type

Products and services

Primary climate-related opportunity driver

Development of new products or services through R&D and innovation

Type of financial impact

Better competitive position to reflect shifting consumer preferences, resulting in increased revenues

Company-specific description

MSCI and MSCI ESG Research provide a range of capabilities to clients whose focus is on ESG investing across our segments including ESG, Index, Analytics and a potential expansion to Real Estate. Given the renewed focus on climate change and sustainability, the market for sustainable investments is increasing, and we continue to see opportunities to expand adoption of ESG-related products and services, such as ESG Ratings and ESG Indexes. Clients often use our ESG products and services for the following objectives: (1) investing with a systematic and explicit inclusion of ESG risks and opportunities in investment analysis, (2) investing with the intention to generate measurable positive social or environmental benefits alongside a financial return, and (3) investing in alignment with an organization or individual's values. MSCI ESG Research products are a key growth pillar for MSCI and the opportunity was discussed in detail during annual Investor Day in February 2019. We continue to evaluate the potential financial opportunity impact of ESG products, as they are core to MSCI's strategic planning process. It is challenging to identify a specific dollar range for the financial impact of the ESG opportunity; however, MSCI presented that its long-term growth target growth rate for MSCI ESG is mid-twenties and in 2018 this product line grew 30% year on year to \$71 million revenue.

Time horizon

Current

Likelihood

Very likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

This is a growing business and we continue to evaluate the financial impacts. Demand for these products continues to grow and we continually evaluate the impact of these products in connection with our firmwide strategic and annual operating plan process.

Strategy to realize opportunity

MSCI continues to develop and expand on the products/services to help investors make decisions based on a company's financial and ESG performance, work with clients to understand their ESG investment objectives.

MSCI ESG Indexes are designed to integrate ESG criteria into benchmarks to measure performance and report on compliance with ESG mandates, for use by institutional investors who wish to adopt a long-term sustainable investment view. They enable clients to issue index-based ESG investment products, benchmark and measure the performance of ESG portfolios.

MSCI ESG Ratings are designed to identify ESG risks or opportunities that may not be captured through conventional analyses, including exposures (e.g. business segment and geographic risks), management and industry-specific measures that may include the intersection of a company's major social and environmental impacts with its core business operations.

MSCI ESG Governance Metrics provides institutional investors with corporate governance research and data on public companies worldwide. The costs associated with these strategies include the costs of developing ESG products and services, personnel salaries, marketing, and other administrative costs. Since we consider these products and services part of our core business strategy and there is no additional cost from a climate perspective.

Cost to realize opportunity

1

Comment

Identifier

Opp2

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Use of recycling

Type of financial impact

Reduced operating costs (e.g., through efficiency gains and cost reductions)

Company-specific description

MSCI is reducing the use of single use plastics and other disposable kitchen items as well as office supplies. Programs are also in place to reduce and recycle paper throughout MSCI offices.

Time horizon

Current

Likelihood

Very likely

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

25,000

Potential financial impact figure – maximum (currency)

30,000

Explanation of financial impact figure

MSCI has a program in place to reduce or eliminate the use of single use plastic items, other kitchen items and office supplies, thereby reducing annual operating costs. The estimated savings is based on MSCI's current number of offices and employees.

Strategy to realize opportunity

MSCI has eliminated the purchase of single use plastic beverage bottles and is working with each office to reduce other consumption. All MSCI offices have implemented printers, which utilize energy star rated printers, environmentally friendly print inks, and have ID badges enabled to limit and/or eliminate unnecessary print jobs.

Cost to realize opportunity

1

Comment

The implementation and management of these policies is embedded within the facilities operating plans.

Identifier

Opp3

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Other

Type of financial impact

Reduced operating costs (e.g., through efficiency gains and cost reductions)

Company-specific description

While the nature of our business means we have a relatively small carbon footprint, we believe there is still an opportunity to be more efficient in our operations and reduce costs through the implementation of programs to reduce energy consumption and limit the volume of our business travel.

Time horizon

Current

Likelihood

Very likely

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

250,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

MSCI intends to reduce its annual per capita utility and travel costs. The estimated savings is based on MSCI's current number of offices and employees.

Strategy to realize opportunity

MSCI has a goal of moving 100% of its employees to LEED or equivalent buildings, thereby reducing annual utility costs per building. Efficient light fixtures and smart lighting occupancy sensors are enabled throughout MSCI buildings to reduce electricity consumption. MSCI travel policy emphasizes opportunities to limit physical travel (e.g. virtual meetings). MSCI provides advanced virtual teleconferencing services to employees making it easier to conduct business without extensive travel while reducing

MSCI's Scope 3 GHG emissions. The costs associated with this opportunity are variable and are already fully integrated into our occupancy and travel planning processes.

Cost to realize opportunity

1

Comment

C2.5

(C2.5) Describe where and how the identified risks and opportunities have impacted your business.

	Impact	Description
Products and services	Not yet impacted	MSCI has offices located in different geographies with inherent physical climate risks (such as extreme temperatures, storm damage, and coastal flooding), some of which have the potential to cause substantive impact to MSCI's ability to provide continued services to its clients. To date, MSCI business resiliency plan and insurance policies have mitigated the impact of climate related events. Climate related events could enhance the client demand for products and services used by our clients to evaluate risk and impact of climate change.
Supply chain and/or value chain	Not yet impacted	Physical climate risks, such as temperature extremes, storm damage, and coastal flooding have the potential to disrupt operations of MSCI's supply chain and value chain members, which in turn may directly or indirectly impact MSCI's operations and timely customer delivery. Whenever feasible, MSCI identifies multiple sourcing of critical services so as to reduce the impact from supply chain disruptions.
Adaptation and mitigation activities	Not yet impacted	The potential of physical climate risks causing business interruptions presents MSCI with an opportunity to proactively invest in adaptation and resilience activities to minimize the impact of such risks and seek competitive advantage by aiming to ensure continuity of services to its clients. MSCI's office selection process takes into consideration multiple factors including susceptibility to climate or severe weather events. Climate related scenarios are included in annual testing of business resiliency plans.
Investment in R&D	Not yet impacted	In 2019, MSCI invested in conducting a climate-related scenario analysis to determine the risks and opportunities associated with a changing climate to MSCI's mission, operations, and facilities. The findings of this analysis have been incorporated into this response. MSCI continues to invest in R&D to enhance the product line including climate-related solutions.
Operations	Not yet impacted	MSCI relies on natural resources such as energy, water, and other ongoing consumables and assumes uninterrupted availability of these resources to operate its business. Any chronic or acute physical climate

		risks have the potential to disrupt MSCI's business operations for the short to medium term. MSCI's office selection process takes into consideration multiple factors including susceptibility to climate or severe weather events. Climate related scenarios are included in annual testing of business resiliency plans.
Other, please specify		

C2.6

(C2.6) Describe where and how the identified risks and opportunities have been factored into your financial planning process.

	Relevance	Description
Revenues	Impacted	MSCI ESG Research is a leader in ESG products and services. In connection with developing our strategic and operating plans, MSCI evaluates changes in client demand for climate-related products and services. MSCI has had, and expects to continue, positive revenue growth from ESG linked products.
Operating costs	Impacted	MSCI considers increasing investment in climate related products to capture growing demand. Additionally, MSCI maintains a robust business resiliency program and makes decisions to locate and manage its facilities considering factors including climate change. MSCI continues to invest in climate related products as demands increase.
Capital expenditures / capital allocation	Impacted for some suppliers, facilities, or product lines	MSCI's capital planning process provides flexibility to respond to severe weather events in one or more locations. The firm's physical assets are insured.
Acquisitions and divestments	Impacted	MSCI is continually focused on enhancing and expanding the quality and breadth of ESG products and services both organically and in organically. Enhancing our environmental, and in particular climate-related, capabilities is a top priority.
Access to capital	Not yet impacted	We do not anticipate risks related to our access to capital due to MSCI's business model and product offerings. MSCI does not offer products that pose environmental risks that would be a potential deterrent when investors are evaluating MSCI in line with their environmental stewardship guidelines and overall investment strategy. However, we have been increasingly engaging the investment community to help them understand our commitment to environmental sustainability as an organization as well as our commitment to delivering ESG products and services to enable sustainable investing. We hope these efforts will further increase the attractiveness of MSCI to

		the investment community, particularly those portions of the community focused on sustainable companies.
Assets	Impacted	MSCI considers these impacts through our business resilience process and insurance coverage.
Liabilities	Impacted	MSCI considers these impacts through our business resilience process and insurance coverage.
Other		

C3. Business Strategy

C3.1

(C3.1) Are climate-related issues integrated into your business strategy?

Yes

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform your business strategy?

Yes, qualitative and quantitative

C3.1c

(C3.1c) Explain how climate-related issues are integrated into your business objectives and strategy.

i. How business objectives and strategy have been influenced;

MSCI ESG Research's Research and Ratings are some of our most strategically important and highest growth product offerings. Increasing requirements to disclose data on financial impacts of climate consequences influence our business strategy to diversify and expand our business offerings' depth. We are a leader in providing ESG investment decision tools. Our ESG Research and Ratings help investors understand ESG characteristics of companies and investment portfolios, and construct investment strategies to achieve responsible investment and climate-related objectives. MSCI ESG Research's Carbon Portfolio Analytics report is a tool for understanding, measuring and managing carbon risk at the portfolio, sector, and company level. In 2019 MSCI launched Climate Change Indexes designed to enable investors to integrate climate risk considerations in their investment process.

ii. Strategy is linked to an emissions reductions target; Though currently MSCI does not have an enterprise- or facility-level energy or emissions reduction target, we engage in efforts to reduce our energy and emissions impacts. For example, to encourage energy efficiency we have a goal for 100% of our employees to be in LEED or equivalent buildings. During 2019 we secured expansion rights in LEED Platinum buildings in Manila and Budapest. MSCI engaged with an external consultant to train staff about better data collection practices, and conducted verification of its GHG inventory from a third-party to align with best practices, and to establish an understanding of its baseline emissions upon which future emissions reduction targets could

be set. MSCI anticipates setting an enterprise-wide emissions reduction target in the next two years. MSCI strategically chose Switch as its data center vendor as their North American facilities are powered by 100% renewable power, which helps to decrease MSCI's environmental footprint.

iii. Most substantial business decision has been to appoint the CRO. The CRO's appointment underscores our long-term commitment to the environment and sound social practices k e.g. diversity and inclusion, talent development, and best-in-class corporate governance structures. MSCI hopes to leverage the CRO's background and expertise to streamline MSCI's ESG efforts and to advance its ESG strategy; thereby establishing a framework for addressing any reputational risks and opportunities that arise from climate-related physical and transitional factors.

iv. What aspects of climate change have influenced the strategy: The need to reduce energy and water consumption and waste generation to reduce our environmental impact, extreme weather events, potential regulatory changes, and opportunities to develop sustainability- and climate-related research and index solutions for our customers are all aspects of climate change that influence our strategy.

Other strategy-influencing aspects of climate change are the need for adaptation, developing climate-related offerings, and managing our relevance and reputation while transitioning to a low-carbon economy. The need to maintain our own reputation as it relates to responsiveness on climate issues drives our CRC's mandate, which has identified our goals, decisions, and actions on various ESG topic areas.

v. How the short-term strategy has been influenced by climate change;

Given the growing emphasis of incorporating the TCFD recommendations for assessing and managing climate-related risks and opportunities, MSCI identified the need to conduct a climate scenario analysis to inform business strategy. Such analysis was conducted in 2019 and MSCI is working on incorporating the findings in its broader business strategy and as a means to enhance our management of the climate-related risks and enhance opportunities.

The ESG product group supports our clients by providing products that help them measure and report on climate risk exposure, implement low carbon and fossil fuel-free investment strategies and factor climate change research into their risk management processes. These products include climate risk metrics, carbon portfolio reporting, low carbon indexes and tools to identify cleantech and environmentally-oriented companies. Our clients use our ESG models in combination with our risk analytical tools to manage their climate risk exposure.

vi. How the long-term strategy has been influenced by climate change;

As part of its business strategy, MSCI intends to continue to invest heavily in ESG product offerings .business strategy and the outcomes anticipated by environmentally responsible behaviors are strongly aligned in several important respects. A component of MSCI's business strategy, as it relates to our office and expense management strategy, achieve efficiencies and monitor and consider costs and activities related to climate change. While we do not believe that our business model has substantive risks related to climate change, we consider the physical risks and impact of climate change on costs of travel, facilities and production costs resulting from the rising costs of resources. We believe a focus on leveraging technology to automate and streamline labor intensive processes and promote virtual employee and client engagement to reduce the need for travel will help enhance the scalability and sustainability of our business, while generating long-term efficiencies. These actions have led to efficiencies in MSCI's expense base and management will continue to focus on policies and practices that promote sustainability and efficiency, including working towards setting long-term GHG

performance targets and seeking LEED and BREEAM-certified office space when entering into new leases.

vii. How this is gaining a strategic advantage over your competitors;

We invest heavily in broadening and enhancing our ESG capabilities to promote the adoption of ESG investing by the world’s leading investors. To complement our ESG product offering, our ESG experts contribute their knowledge and expertise by publishing research and speaking at conferences. These research pieces focus on fundamental industry topics and include the annual Women on Boards progress report, ESG Trends to Watch forecast and the Foundations of ESG Investing educational series. Such research, as well as opinion pieces, has been regularly referenced or published in reports from top-tier financial news outlets (e.g. Forbes, The Wall Street Journal, Reuters, Financial Times). One of MSCI ESG’s senior executives was in June 2018 recognized as one of the 20 most influential people in ESG investing by Barron’s Magazine. The Bloomberg Barclays MSCI Green Bond Index was voted “best index” at the Environmental Finance Green Bond Index Awards for the second year (April 2018). These activities provide us with a competitive advantage by positioning us as a thought leader.

C3.1d

(C3.1d) Provide details of your organization’s use of climate-related scenario analysis.

Climate-related scenarios	Details
RCP 4.5 RCP 8.5	<p>In 2019, MSCI analyzed its 32 physical locations for acute and chronic physical and transitional risks and opportunities. The analysis was conducted by external climate experts using Climonomics®— a proprietary analytical software tool. To conduct the analysis, MSCI used the employee count in each office location to apportion company revenue by each location as a way to assess the magnitude on financial impact associated with the location and timeframe within which a potential risk may become reality. The analysis included two scenarios defined by the IPCC BREEAM’s Representative Concentration Pathway (RCP)—namely RCP4.5 for years 2020 and 2040 and RCP8.5 for the year 2040—to assess physical risk exposure and the Shared Socioeconomic Pathways family of scenarios (SSP 1-5) for carbon-price effects or transitional risks and opportunities. The timeframes selected were chosen based on MSCI’s desire to understand, plan for, and manage current (2020) and potential future (2040) climate-related risks and opportunities to its assets, operations, and services. The results of this analysis identified temperature extremes, storm damage, litigation, and coastal flooding risks to be of most relevance to MSCI’s business, assets, operations, and strategy. Out of all MSCI’s physical locations, its Mumbai location was found to carry the highest risk exposure from temperature extremes, followed by Manila, New York, and Budapest. The analysis also discovered that under the RCP8.5 scenario, it is likely that 60% of its assets will have 3% of their asset value at risk by 2040. MSCI intends to continue integrating processes to manage these climate risks as part of its overall business risk management efforts. As MSCI continues to fully understand the financial and strategic impacts of temperature extremes, storm damage, litigation, and coastal flooding on its business, assets, operations, and strategy, we hope to introduce</p>

adaptation and resilience measures to manage and mitigate these risks within the next several years. Any updates concerning our management of climate-related risks and opportunities may be provided on our corporate responsibility webpage.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

No target

C4.1c

(C4.1c) Explain why you do not have emissions target and forecast how your emissions will change over the next five years.

	Primary reason	Five-year forecast	Please explain
Row 1	We are planning to introduce a target in the next two years	MSCI intends to set an emissions target within the next two years. To build upon MSCI's existing practices of sustainable procurement, employee incentives, and wide use of sustainable products, MSCI intends to set an emissions intensity reduction target. This target will likely be implemented within the next two years, followed by three years of emissions efficiency measures to meet the commitments outlined in the intensity target. In the meantime, we will make emissions-aware decisions.	While the attainment of specific climate-related targets has not yet been incorporated into MSCI's long-term business strategy, MSCI has continued to implement emissions reduction practices within its operations. See "Additional Information" for a discussion of the integration of climate-related issues into MSCI's long-term business strategy. Under MSCI's compensation program, employees of the GCSD are incentivized to take various environmental factors (including existence of landlord-driven or local recycling initiatives, use of sustainable and energy-efficient materials and control systems enabling the efficient use of power and availability of public transport for employees) into consideration as part of our approach to acquiring new office space. When selecting new office space, the GCSD also accounts for a property's vulnerability to extreme weather events and natural disasters. In addition, the practices of the GCSD have led to the purchase of energy-efficient products for MSCI's offices and wide use of

			<p>sustainable products including recycled and low environmental impact materials. This has contributed to an emissions reduction trend and MSCI forecasts the continued selection of lower-impact equipment and materials to result in a further reduction in MSCI's emissions. MSCI intends to set an emissions target within the next two years. To build upon MSCI's existing practices of sustainable procurement, employee incentives, and wide use of sustainable products, MSCI intends to set an emissions intensity reduction target. This target will likely be implemented within the next two years, followed by three years of emissions efficiency measures to meet the commitments outlined in the intensity target. Once a target is in place, MSCI expects its emissions intensity to be lowered in the coming years.</p>
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C4.2

(C4.2) Provide details of other key climate-related targets not already reported in question C4.1/a/b.

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	0	0
To be implemented*	0	0

Implementation commenced*	0	0
Implemented*	1	10.91
Not to be implemented	0	0

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative type

Energy efficiency: Building services

Description of initiative

Other, please specify

In 2018, MSCI chose to replace all existing incandescent lights with energy efficient LED fixtures on the 8th, 9th, and 14th floors, resulting in great energy efficiency and reducing GHG emissions.

Estimated annual CO2e savings (metric tonnes CO2e)

10.91

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

6,017

Investment required (unit currency – as specified in C0.4)

18,692

Payback period

1-3 years

Estimated lifetime of the initiative

16-20 years

Comment

Expected lifetime is estimated based on the rated life of the LED fixtures accounting for regular office hour usage (8 hours per day multiplied by 210 working days).

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
<p>Dedicated budget for energy efficiency</p>	<p>MSCI has committed to having all its employees work in energy efficiency/ LEED / BREEAM certified offices. To stay aligned with this commitment, MSCI chooses to prioritize selection of energy efficient office locations and when feasible chooses to implement energy efficiency measures while remodeling existing office locations. MSCI has installed energy-efficient lighting, using motion sensors on lights in offices which represent 95% of our global headcount. In addition, 89% of our global headcount currently occupy space that is certified as LEED, BREEAM, Energy Star or recognized locally as equivalent. Our offices in Mumbai, Budapest, New York, Manila, Norman, Boston, Chicago, San Francisco, Frankfurt, Gaithersburg, Seoul and Dubai are LEED-certified and our London and Paris offices are BREEAM-certified. MSCI's offices in Tokyo, Singapore and Monterrey were also recognized locally for their environmental design and green building technology. MSCI's Tokyo facility was rated 5 Stars by DBJ Green Building in 2015 for its large-scale solar generation and MSCI's Singapore facility earned the Building & Construction Authority Green Mark Platinum Award in 2016 for its environmentally-friendly construction, design, and operation. For all future moves, employees of the Global Corporate Services Department are incentivized to take various environmental factors (including existence of landlord-driven or local recycling initiatives, use of sustainable and energy-efficient materials and control systems enabling the efficient use of power and availability of public transport for employees) into consideration as part of our approach to acquiring new office space. MSCI's U.S. based data centers follow best in class power usage effectiveness (PUE) practices, resulting in PUE that exceeds the industry average by nearly 34%.</p>
<p>Employee engagement</p>	<p>MSCI has also taken steps in prior years to reduce its carbon footprint, including by minimizing its use of paper by: changing the default on its printers across the globe to double-sided printing, using an electronic portal to make documents available for Board and certain senior management meetings in lieu of printing and shipping voluminous binders and adopting notice and access to minimize the delivery of materials related to its annual shareholders' meetings. MSCI has company-wide video and teleconferencing systems available to reduce travel-related emissions. As a firm, MSCI averages over 13,000 virtual meetings monthly. MSCI is also committed to doing its part to promote sustainability by reducing plastic consumption. MSCI has implemented processes across all offices to eliminate single-use plastic items, including water bottles, straws, coffee stirrers and other disposable items. Where practical, MSCI is replacing disposable water bottles with pitchers and glassware in offices with frequent client meetings and other visitor events. MSCI is also in the process of eliminating under-desk waste-paper baskets to focus efforts on recycling items where possible rather than sending them to a landfill. MSCI also encourages employees to commute to work by public transport by supporting commuter programs that allow them to pay for such transport with pre-tax dollars.</p>

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

No

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start

January 1, 2018

Base year end

December 31, 2018

Base year emissions (metric tons CO₂e)

659.77

Comment

Scope 2 (location-based)

Base year start

January 1, 2018

Base year end

December 31, 2018

Base year emissions (metric tons CO₂e)

10,040.53

Comment

Scope 2 (market-based)

Base year start

January 1, 2018

Base year end

December 31, 2018

Base year emissions (metric tons CO₂e)

6,895.5

Comment

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO₂e?

Reporting year

Gross global Scope 1 emissions (metric tons CO₂e)

659.77

Start date

January 1, 2018

End date

December 31, 2018

Comment

Scope 1 emissions include emissions from on-site generation, including emissions from generators.

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

C6.3

(C6.3) What were your organization’s gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based

10,040.53

Scope 2, market-based (if applicable)

6,895.5

Start date

January 1, 2018

End date

December 31, 2018

Comment

Scope 2 emissions include facility energy usage, including purchased heating.

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

No

C6.5

(C6.5) Account for your organization’s Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Relevant, not yet calculated

Explanation

MSCI currently does not quantify the emissions resulting from its purchased goods and services, but intends on doing so in the coming years.

Capital goods

Evaluation status

Not evaluated

Explanation

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Relevant, calculated

Metric tonnes CO2e

909.71

Emissions calculation methodology

U.S. EPA emissions factors by sub region were used to calculate transmission and distribution losses from the electric grid for U.S. facilities. EIA emissions factors were used to calculate losses from the electric grid for non-U.S. facilities. MSCI's percent loss for U.S. facilities was based upon EIA's U.S. average transmission and distribution loss rate. For non-U.S. locations, World Bank transmission and distribution loss factors were used.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

Emissions represent upstream electric transmission and distribution losses.

Upstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Explanation

MSCI does not have any material purchases that have upstream transportation and distribution.

Waste generated in operations

Evaluation status

Relevant, not yet calculated

Explanation

MSCI currently does not collect data on waste generated in its facility operations and is limited in its current ability to collect this data as waste is collected at a building level, which makes it difficult to estimate the amount of waste that can be attributed to MSCI's portion of leased space within the building. MSCI intends on exploring ways to collect this data in future years.

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO2e

3,716.83

Emissions calculation methodology

Source: Department for Environment, Food and Rural Affairs (DEFRA), Updated: October 5, 2010, Version 1.2.1 FINAL Produced by AEA for the Department of Energy and Climate Change (DECC) and DEFRA was used to estimate emissions from commercial. In addition, EPA emissions factors were used to calculate emissions resulting from employee passenger rail travel for business. Rental car emissions are a combination of emissions reported in the AVIS rental car report, provided by the rental car company and applying that same emission factor to non-Avis rental cars.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

MSCI does not own a vehicle fleet. Rather the company relies on commercial providers for business travel needs. In 2018, employees travelled for business by air, rail, and cars. Annual rental car, rail travel and air travel reports were obtained from the respective rental car companies and travel agencies.

Employee commuting

Evaluation status

Relevant, not yet calculated

Explanation

MSCI intends on calculating the emissions resulting from employee commuting in the next few years.

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Explanation

MSCI does not have any upstream leased assets therefore this emissions category is not applicable.

Downstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Explanation

MSCI does not have any downstream transportation and distribution emissions

Processing of sold products

Evaluation status

Not relevant, explanation provided

Explanation

MSCI's sold products are web-based and do not require processing therefore this category is not applicable.

Use of sold products

Evaluation status

Not relevant, explanation provided

Explanation

All of MSCI's products and services are virtual and therefore this emissions category does not apply.

End of life treatment of sold products

Evaluation status

Not relevant, explanation provided

Explanation

MSCI does not have products that need end of life treatment and therefore this category is not applicable.

Downstream leased assets

Evaluation status

Not evaluated

Explanation

MSCI does not have any downstream leased assets and therefore this category is not applicable.

Franchises

Evaluation status

Not relevant, explanation provided

Explanation

MSCI does not have any franchises and therefore this emissions category is not applicable.

Investments

Evaluation status

Not relevant, explanation provided

Explanation

MSCI currently does not have any investments that generate emissions and therefore this emissions category is not applicable to our business.

Other (upstream)

Evaluation status

Not relevant, explanation provided

Explanation

MSCI does not have any other upstream emission sources and therefore this emissions category is not applicable.

Other (downstream)

Evaluation status

Not relevant, explanation provided

Explanation

MSCI does not have any downstream emission sources and therefore this emissions category is not applicable.

C6.7

(C6.7) Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?

No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

0.0000053

Metric numerator (Gross global combined Scope 1 and 2 emissions)

7,555.28

Metric denominator

unit total revenue

Metric denominator: Unit total

1,433,984,000

Scope 2 figure used

Market-based

% change from previous year

28.11

Direction of change

Increased

Reason for change

This year, MSCI changed its GHG data collection efforts by largely collecting actual energy and fuel usage data as opposed to estimating usage by applying energy

intensities by space type. This allows for a more accurate accounting of GHG emissions. However, changing this method of calculation increased the emissions. The change is also driven by an increase in revenue. A slight decrease of 10.91MTCO₂e was also noted resulting from lighting energy reduction activities in Monterrey but this decrease was insignificant in comparison to the overall emissions increase. Last year's (2017) revenue was \$1,274,172,000 and emissions were 5,240.31 MTCO₂e. The ratio this year is 28.87% higher.

Intensity figure

2.2452539

Metric numerator (Gross global combined Scope 1 and 2 emissions)

7,555.28

Metric denominator

full time equivalent (FTE) employee

Metric denominator: Unit total

3,365

Scope 2 figure used

Market-based

% change from previous year

41.05

Direction of change

Increased

Reason for change

This year, MSCI changed its GHG data collection efforts by largely collecting actual energy and fuel usage data as opposed to estimating usage by applying energy intensities by space type. This allows for a more accurate accounting of GHG emissions. However, changing this method of calculation increased the emissions. The change is also driven by an increase in (FTE) employees. Last year's (2017) FTE count was 3,292 and emissions were 5,240.31 MTCO₂e. The ratio this year is 41.05% higher.

Intensity figure

0.0117481

Metric numerator (Gross global combined Scope 1 and 2 emissions)

7,555.28

Metric denominator

square foot

Metric denominator: Unit total

643,109

Scope 2 figure used

Market-based

% change from previous year

32.34

Direction of change

Increased

Reason for change

This year, MSCI changed its GHG data collection efforts by largely collecting actual energy and fuel usage data as opposed to estimating usage by applying energy intensities by space type. This allows for a more accurate accounting of GHG emissions. However, changing this method of calculation increased the emissions. The change is also driven by an increase in SQF. Last year's (2017) SQF was 590,303 SQF and emissions were 5,240.31 MTCO_{2e}. The ratio this year is 32.34% higher.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO _{2e})	GWP Reference
CO ₂	657.42	IPCC Fifth Assessment Report (AR5 – 100 year)
CH ₄	1.79	IPCC Fifth Assessment Report (AR5 – 100 year)
N ₂ O	0.56	IPCC Fifth Assessment Report (AR5 – 100 year)

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO _{2e})
Australia	7.75

Brazil	0
Canada	6.13
France	0.08
Germany	0
China, Hong Kong Special Administrative Region	0.33
Hungary	2.3
India	28.96
Japan	21.82
Mexico	0.23
Netherlands	2.35
Philippines	0
Singapore	0.19
South Africa	2.28
Republic of Korea	0
Sweden	1.91
Switzerland	27.06
Taiwan, Greater China	0.15
United Arab Emirates	0.01
United Kingdom of Great Britain and Northern Ireland	209.92
United States of America	322.57
China	21.78
Italy	3.94


C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By facility

C7.3b

(C7.3b) Break down your total gross global Scope 1 emissions by business facility.

 C7.3b ORS Upload- S1 by Business Facility.xlsx

Facility	Scope 1 emissions (metric tons CO2e)	Latitude	Longitude
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C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)
Australia	45.4	45.4	55.37	0
Brazil	3.73	3.73	38.04	0
Canada	2.6	2.6	67.49	0
China	239.39	239.39	227.45	0
France	4.87	2.26	70.28	0
Germany	17.12	27.43	36.01	0
China, Hong Kong Special Administrative Region	1,893.73	1,893.73	2,498.99	0
Hungary	188.06	225.34	598.89	0
India	1,411.6	1,411.6	1,524.24	0
Italy	11.17	12.38	29.01	0
Japan	31.6	31.6	57.37	0
Mexico	363.94	363.94	51.06	0
Netherlands	11.5	15.09	802.62	0
Philippines	314.59	314.59	26.09	0
Singapore	39.03	39.03	626.21	0
South Africa	33.87	33.87	82.61	0
Republic of Korea	27.59	27.59	37.07	0
Sweden	0.26	0.77	21.17	0
Switzerland	102.86	3.37	3,668.88	3,590.2
Taiwan, Greater China	0.95	0.95	1.71	0
United Arab Emirates	13.12	13.12	21.96	0
United Kingdom of Great Britain and Northern Ireland	251.89	284.76	525.34	0
United States of America	5,031.66	1,902.95	11,262.44	6,521.9

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By facility

C7.6b

(C7.6b) Break down your total gross global Scope 2 emissions by business facility.

Facility	Scope 2 location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
Almere, Busplein 30	11.5	15.09
Ann Arbor, 924 N.Main	26.05	31.08
Beijing, No. 6 Wudinghou Street	191.44	191.44
Berkeley, 2100 Milvia Street	122.61	101.1
Boston, 101 Federal Street	73.97	73.97
Budapest, Green house	188.06	225.34
Cape Town, Kildare House, The Oval, 1 Oakdale Road	33.87	33.87
Chicago, 311 S. Wacker Drive	34.03	25.28
Conshohocken, 1100 East Hector Street	63.91	63.91
Dubai, Sheikh Zayed Road, Plot No. 327-548	13.12	13.12
Frankfurt, AN DER WELLE 5	17.12	27.43
Gaithersburg, Washingtonian Centre	18.51	22.7
Geneva, 8-10 Rue de la Confederation	1.64	2.5
Geneva, Interoute Data Center, Chemin de l'Epinglier 2, Meyrin, Room B19, Floor B	57.04	0
Geneva, Place des Bergues 3	0.57	0.87
Geneva, Safe Host Data Center, 20, Chemin Du Pre-Fleuri 20 CP 259, Room S250	43.61	0
Hong Kong, 11 Chun Kwong Street, Tseung Kwan O Industrial Estate	805.98	805.98
Hong Kong, 2 Ice House Street, St George Bldg, Marine Lot No. 286, Central	80.64	80.64
Hong Kong, Equinix Hong Kong Limited 17/f, Global Gateway 168 Yeung Uk Road Tsuen Wan	988.07	988.07

Hong Kong, NO. 41 Connaught Road Central	19.04	19.04
Las Vegas, Switch Communications Group (NAP4) 4495 E Sahara Avenue	1,185.21	0
Las Vegas, Switch Communications Group (SuperNAP8) 5225 W.Capovilla Avenue	1,918.01	0
London, 10 Bishop's Square	251.89	284.76
Manila, Zuellig Building	314.59	314.59
Milan, Via Dante No 9	11.17	12.38
Monterrey, Ricardo Margain Zozaya #444	363.94	363.94
Mumbai, Nesco IT park	1,411.6	1,411.6
New York, 7WTC, 250 Greenwich Street	402.07	402.07
Norman, 201 David L. Boren Boulevard	1,134.04	1,134.04
Paris, Rue de Berri	4.87	2.26
Portland, Two Monument Square	27.82	27.82
San Francisco, 101 California	25.43	20.97
Sao Paulo, Iguatemi Office Tower	3.73	3.73
Seoul, 33 Jong-Ro, Jongno-Gu	27.59	27.59
Shanghai, 166 Lujiazui Ring Road	47.95	47.95
Singapore, 1 Raffles Quay North Tower	39.03	39.03
Stockholm, Drottninggatan 33	0.26	0.77
Sydney, 56 Pitt Street	45.4	45.4
Taipei, 1 Songzhi Road	0.95	0.95
Tokyo, 1-7-2 Otemachi, Chiyoda-Ku	31.6	31.6
Toronto, 67 Yonge street	2.6	2.6

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Increased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined) and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption				
Other emissions reduction activities	10.91	Decreased	0.21	In 2018, MSCI's Monterrey location underwent lighting upgrades resulting in a 10.91 MT CO2e emissions reduction. This value is 0.21% (10.91/ 5,240.3), where 5,240.3 MT CO2e is the Scope1 + Scope 2 (market-based) value from 2017.
Divestment				
Acquisitions				
Mergers				
Change in output				
Change in methodology	2,314.97	Increased	44	Scope 1+Scope 2 (market based emissions) in 2017 was 5,240.3 MT CO2e. Emissions resulting from electricity purchases and onsite combustion were largely based on energy intensities derived from the CBECs database. In 2018, the Scope 1 + Scope 2 (market based) emissions were 7,555.3 MT CO2e after accounting for the 10.91 MT CO2e reduced from lighting retrofit in Monterrey. In 2018, MSCI improved its GHG accounting practices by using actual energy consumption data versus extrapolating based on energy intensity. This resulted in a 44% increase ((7,555.3-5,240.3)/5240.3) =44%.
Change in boundary				
Change in physical operating conditions				

Unidentified				
Other				

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Market-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertakes this energy-related activity
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	Yes
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total MWh

Consumption of fuel (excluding feedstock)	HHV (higher heating value)	0	3,281.48	3,281.48
Consumption of purchased or acquired electricity		10,112.1	12,218.19	22,330.28
Consumption of purchased or acquired heat		0	0.01	0.01
Consumption of self-generated non-fuel renewable energy		0		0
Total energy consumption		10,112.1	15,499.68	25,611.77

C8.2b

(C8.2b) Select the applications of your organization’s consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	Yes
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)

Diesel

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

492.07

MWh fuel consumed for self-generation of electricity

492.07

MWh fuel consumed for self-generation of heat

0

Comment

Fuels (excluding feedstocks)

Natural Gas

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

2,789.41

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

2,789.41

Comment

Where expressed in HHV, the HHV numbers were converted to LHV.

C8.2d

(C8.2d) List the average emission factors of the fuels reported in C8.2c.

Diesel

Emission factor

74.1

Unit

kg CO2 per GJ

Emission factor source

GHG Protocol Table 1. CO2 emission factors by Fuel

Comment

To calculate CO2 from diesel, MSCI used GHG Protocol's Table 1 emission factors.

Where heat value was in HHV, MSCI converted it to LHV using the HHV to LHV conversions.

Natural Gas

Emission factor

56.1

Unit

kg CO2 per GJ

Emission factor source

GHG Protocol Table 1. CO2 emission factors by Fuel

Comment

To calculate CO2 from natural gas, MSCI used GHG Protocol's Table 1 emission factors. Where heat value was in HHV, MSCI converted it to LHV using the HHV to LHV conversions.

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	492.07	492.07	0	0
Heat	0	0	0	0
Steam	0	0	0	0
Cooling	0	0	0	0

C8.2f

(C8.2f) Provide details on the electricity, heat, steam and/or cooling amounts that were accounted for at a low-carbon emission factor in the market-based Scope 2 figure reported in C6.3.

Basis for applying a low-carbon emission factor

Contract with suppliers or utilities (e.g. green tariff), supported by energy attribute certificates

Low-carbon technology type

Solar PV

Region of consumption of low-carbon electricity, heat, steam or cooling

North America

MWh consumed associated with low-carbon electricity, heat, steam or cooling

6,521.9

Emission factor (in units of metric tons CO2e per MWh)

0

Comment

Low-carbon energy accounted here represents the renewable energy procured by the Las Vegas data centers that MSCI leases space in.

Basis for applying a low-carbon emission factor

Contract with suppliers or utilities (e.g. green tariff), supported by energy attribute certificates

Low-carbon technology type

Hydropower

Region of consumption of low-carbon electricity, heat, steam or cooling

Europe

MWh consumed associated with low-carbon electricity, heat, steam or cooling

3,590.2

Emission factor (in units of metric tons CO2e per MWh)

0

Comment

Low-carbon energy accounted here represents the renewable energy procured by the Geneva data centers that MSCI leases space in.

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 and/or Scope 2 emissions and attach the relevant statements.

Scope

Scope 1

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

 GHGVerificationStatement MSCI 2018_FINAL.pdf

Page/ section reference

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Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope

Scope 2 location-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

 GHGVerificationStatement MSCI 2018_FINAL.pdf

Page/ section reference

Findings, Page II

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope

Scope 2 market-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

 GHGVerificationStatement MSCI 2018_FINAL.pdf

Page/ section reference

Findings, Page II

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope

Scope 3- at least one applicable category

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Attach the statement

 GHGVerificationStatement MSCI 2018_FINAL.pdf

Page/section reference

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Relevant standard

ISO14064-3

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

No, we do not verify any other climate-related information reported in our CDP disclosure

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

No, and we do not anticipate being regulated in the next three years

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

No

C11.3

(C11.3) Does your organization use an internal price on carbon?

No, and we do not currently anticipate doing so in the next two years

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers

Yes, our customers

Yes, other partners in the value chain

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Compliance & onboarding

Details of engagement

Other, please specify

MSCI expects all its vendors to follow the MSCI Supplier code of conduct which includes specific language related to environmental issues.

% of suppliers by number

100

% total procurement spend (direct and indirect)

100

% Scope 3 emissions as reported in C6.5

100

Rationale for the coverage of your engagement

MSCI is committed to protecting the environment and therefore expects all its Suppliers to implement appropriate standards to minimize harm to the environment caused by their activities. MSCI expects Suppliers to meet or exceed the below set of principles: Compliance with applicable environmental laws, regulations and standards –Suppliers must be aware of and adhere to the laws relevant to the Supplier’s activities for the entire sourcing and production cycle: material sourcing – manufacturing – logistics – disposal.

SMART (specific, measurable, achievable, realistic, time-bound) environmental targets and reporting – Suppliers need to be able to identify, measure and report at all times all significant environmental impacts, with an emergency action plan in place.

Waste management – Suppliers are expected to handle waste in a responsible way and have separate hazardous and non-hazardous waste management processes at all times.

Recycling – Suppliers must actively implement processes in order to recycle material through the E2E process of its production/service cycle.

Suppliers should avoid:

- The use of scarce natural resources
- Soil contamination
- Dangerous substance issues – (design, packaging, transport, use, recycling).

Impact of engagement, including measures of success

N/A

Comment

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement

Other, please specify

Other – please provide information in column 5

Details of engagement

% of customers by number

6.7

% Scope 3 emissions as reported in C6.5

0

Please explain the rationale for selecting this group of customers and scope of engagement

We believe there is a large opportunity for the global investment community to incorporate ESG considerations into their investment decisions, which will enhance global capital flows to companies that have more favorable ESG characteristics. Our ESG research and ratings help our customers (investors) understand the ESG characteristics of companies and investment portfolios as well as to construct investment strategies to achieve their responsible investment and climate-related objectives. The climate change team within our ESG segment supports our clients by providing products that help them measure and report on climate risk exposure, implement low carbon and fossil fuel-free investment strategies and factor climate change research into their risk management processes. These products include climate risk metrics, carbon portfolio reporting, low carbon indexes and tools to identify cleantech and environmentally-oriented companies. Our climate change working groups are continuously developing new models which are used by our clients in combination with the risk analytical tools developed within our Analytics segment to manage their climate risk exposure. As part of its business strategy, MSCI intends to continue to focus on and invest heavily in its ESG product offerings. We are investing heavily in broadening, deepening and enhancing our ESG capabilities to promote the adoption of ESG investing by the world's leading investors. To complement our ESG product offering, our ESG experts contribute their knowledge and expertise to furthering global understanding of sustainability issues by publishing research and speaking at conferences.

Impact of engagement, including measures of success

MSCI measures success based on the number of customers subscribing to our climate-related products and services, and the industry identifying us as experts for ESG Index. MSCI's ESG Research and Ratings are some of our most strategically important and highest growth product offerings, with \$71.4 million in revenues in 2018, representing a

30.2% year-over-year increase. An example is that one of MSCI ESG’s senior executives was recently recognized as one of the 20 most influential people in ESG investing by Barron’s Magazine (June 2018). Other recent accolades include the Bloomberg Barclays MSCI Green Bond Index being voted “best index” at the Environmental Finance Green Bond Index Awards for the second year (April 2018).

C12.1c

(C12.1c) Give details of your climate-related engagement strategy with other partners in the value chain.

Eco Groups

1. Local employee-driven focus groups have been established in MSCI’s offices, Berkeley (United States (US)) – in 2019, London (United Kingdom) – in 2018, Monterrey (Mexico) – in 2018, Mumbai (India) – in 2018 and San Francisco (US)- in 2019 offices. These Employee Resource Groups (“ERGs”) aim to increase awareness of regional staff around environmental issues and manage them over time, including through behavior change. Achievements include replacing kitchen and shower supplies with sustainable alternatives, installing recycling and composting bins alongside the regular trash bins, with instructions as to how to dispose of waste correctly, distributing re-usable coffee cups amongst staff, and sharing information with staff on how to reduce plastic use both in and out of the office.
2. **Global Corporate Services Department:** The GCSD’s employees are incentivized to take various environmental factors (including existence of landlord-driven or local recycling initiatives, use of sustainable and energy-efficient materials, and control systems enabling the efficient use of power and availability of public transport for employees) into consideration as part of MSCI’s approach to acquiring new office space. When selecting new office space, the GCSD also considers a property’s vulnerability to extreme weather events and natural disasters. In addition, the practices of the GCSD have led to the purchase of energy-efficient products for MSCI’s offices and the wide use of sustainable products including recycled and low environmental impact materials and the elimination of single-use plastic items. We believe this has contributed to an emissions reduction trend and MSCI believes the continued selection of lower-impact equipment and materials will result in a further reduction in MSCI’s emissions.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

- Direct engagement with policy makers
- Trade associations
- Other

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution

<p>Mandatory carbon reporting</p>	<p>Support</p>	<p>MSCI engages with policymakers and regulators as an individual company providing relevant information on regulatory proposals affecting MSCI's products including in relation to Sustainable Finance.</p>	<p>Early in 2018, the EU Commission adopted the Action Plan on Sustainable Finance, which has three objectives:</p> <ol style="list-style-type: none"> 1. Re-orient capital flows towards sustainable investment, in order to achieve sustainable and inclusive growth; 2. Manage financial risks stemming from climate change, natural disasters, environmental degradation and social issues; and 3. Foster transparency and long-termism in financial and economic activity. <p>As part of this plan, the EU Commission created a Technical Expert Group comprised of 35 experts in Europe to assist them in the following tasks:</p> <ol style="list-style-type: none"> 1. an EU classification system – the so-called EU taxonomy – to determine whether an economic activity is environmentally sustainable; 2. an EU Green Bond Standard; 3. methodologies for EU climate benchmarks and disclosures for benchmarks; 4. guidance to improve corporate disclosure of climate-related information. <p>MSCI has been appointed as part of the TEG. MSCI participates in the European Commission's Technical Expert Group ("TEG") on Sustainable Finance. The TEG is comprised of members from civil society, academia, the business and finance sector.</p>
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C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association

Index Industry Association

Is your position on climate change consistent with theirs?

Unknown

Please explain the trade association's position

We do not disclose a third party's position.

How have you influenced, or are you attempting to influence their position?

MSCI participates in discussions on the regulatory proposals considered by the Index Industry Association.

C12.3e

(C12.3e) Provide details of the other engagement activities that you undertake.

UN PRI

Since 2010, MSCI has been a signatory of The Principles for Responsible Investment (PRI). The PRI is the world's leading proponent of responsible investment. It works to understand the investment implications of ESG factors and to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions. The PRI acts in the long-term interests of its signatories, of the financial markets and economies in which they operate and ultimately of the environment and society as a whole. Prior to 2019, MSCI voluntarily submitted the annual PRI transparency report on behalf of MSCI ESG Research rather than MSCI Inc. For our 2019 submission, the CRC chose to report on behalf of MSCI Inc. given the growing emphasis on ESG considerations in our own business practices as well as the ever-expanding range of ESG solutions from MSCI ESG Research, Index and Analytics.

Our Global Head of ESG Research, is a member of the PRI Investment Strategies Working Group. Other members of the ESG Research team have participated in the PRI Fixed Income and Passive Investing Working Groups.

We have also worked with the PRI policy team to provide financial support and data to the Global Guide to Responsible Investment Regulation. We have supported the PRI financially as a sponsor of the PRI in Person conference and other regional events and contributed to the PRI's landmark "Financial Performance of ESG Integration in US Investing" report.

In 2018, the PRI published a study based on portfolio analytics and ESG data provided by MSCI ESG Research to evaluate the efficacy of optimal mean-variance equities portfolios optimized with assets that had improving ESG scores (momentum strategy) versus high

absolute ESG scores (tilt strategy) across the world and geographic regions, including the US, Europe and Japan.

We provide the PRI with unlimited access to the MSCI ESG Research data platform to support the PRI's engagement work. We expect to continue to support the work the PRI does to engage with signatories, raise awareness of the benefits of ESG integration, and grow the industry.

Other

Our client research includes company-specific, industry and country reports as well as thematic research. MSCI ESG Research continuously innovates and helps educate the public at large on ESG trends through a variety of channels, including by speaking at a large number of industry and MSCI-hosted events throughout the year and is often cited in news stories concerning ESG issues. MSCI ESG Research participates in ESG consultations, including the EC Public Consultation on Long-term and Sustainable Investment and the FSB Task Force on Climate-related Financial Disclosures Consultation. In relation to climate change specifically, MSCI ESG Research offers an extensive suite of tools and data on carbon and fossil fuel exposure to help investors identify, measure, and manage their exposure to carbon and climate change risk at the security, company, and portfolio levels. More generally, assessment of climate change informs the full spectrum of MSCI ESG Research products.

MSCI's Index Client Advisory Panel is a forum organized by MSCI in Europe, Americas and the Asia-Pacific regions. Participants are invited to exchange ideas on investment problems and emerging trends such as ESG Investing and Factor investing.

MSCI facilitates a private roundtable discussion, which is led by MSCI ESG Research. This creates a platform to exchange ideas, innovate, share best practices and help produce standards that might benefit the industry.

On an annual basis, MSCI ESG Research seeks feedback from institutional investors through MSCI ESG Research client consultations. This process aims to ensure transparency when proposing methodology changes or, for example, adding new key issues to our ESG Ratings model, and to help refine new product initiatives. The 2018 consultation included a global consultation on a proposed climate stress test framework and a sandbox environment to allow assessment of the impact of various climate scenarios on financial portfolios.

Investors, including pension funds and insurance companies, are accelerating their focus on climate risk solutions that move beyond simple portfolio footprint reduction towards a more rounded assessment including transition risk and low carbon economy opportunities. MSCI initiated two climate change index consultations related to climate risk in 2018. Leveraging the new, comprehensive model from MSCI ESG Research, MSCI has been consulting on a new climate index for the categorization and risk-scoring of corporates with respect to the low carbon transition. Simultaneously, MSCI Analytics has been consulting on a climate stress test mode. MSCI launched a climate index in 2019.

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

Under the MSCI Code of Conduct, employees are required to disclose and obtain pre-approval from the applicable member of MSCI's Executive Committee and the Compliance Department to serve as a representative of MSCI on a board or committee or in another position constituting a leadership role in industry associations or groups. In order to ensure all communications are consistent, public announcements and press releases are subject to review by MSCI Legal and PR/Marketing teams. The Head of Global Communications is a member of the Corporate Responsibility Committee and involved in developing the messaging around MSCI's ESG practices for both internal and external purposes.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

No publications with information about our response to climate-related issues and GHG emissions performance

Status

Attach the document

Page/Section reference

Content elements

Comment

C14. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.



C14.1

(C14.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Chief Responsibility Officer (CRO)	Other C-Suite Officer

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	Public or Non-Public Submission	I am submitting to
I am submitting my response	Public	Investors

Please confirm below

I have read and accept the applicable Terms