

## COP26 warning: World's listed companies to cause a temperature rise of 3°C

- *As direct emissions continue to rise, the quarterly MSCI Net-Zero Tracker reveals publicly listed companies will burn through their 1.5°C emissions budget within five years of COP26*
- *MSCI releases the top 10 publicly listed companies with the largest footprint of Scope 1, 2 and 3 emissions*

**NEW YORK – October 12, 2021** – The Paris Agreement climate targets are increasingly out of reach as the world's publicly listed companies will cause global temperatures to rise by 3°C, according to the latest [MSCI Net-Zero Tracker](#).

With less than 10% of public companies aligned with a 1.5°C temperature rise threshold, the global carbon budget to limit global warming to 1.5°C will be exhausted by November 2026. This timeframe has moved forward by five months in just 90 days since the [launch](#) of the Net-Zero Tracker in July.

**Henry Fernandez, Chairman and Chief Executive Officer, MSCI, comments:** “The findings of the MSCI Net-Zero Tracker should dramatically increase the world's sense of urgency to reduce greenhouse gas emissions. As the extreme weather events of 2021 have reminded us, climate change is not a ‘potential’ problem 30 or 40 years down the road. It is a clear and present danger to our way of life right now. What we do over the next half-decade – and especially at COP26 in Glasgow – could make the difference between avoiding or experiencing the worst climate impacts. We urge firm action rather than words at COP26 to divert the world from an imminent crisis and chart a path toward a sustainable future.”

### **Emissions set to rise by 6.7% in 2021**

The rapidly shrinking timeframe is being driven by the significant rise in greenhouse gas emissions from public companies as global economic activity rebounds.

The Net-Zero Tracker, a quarterly gauge of climate change progress across a global universe of 9,300 public companies based on the MSCI All Country World Investable Market Index (ACWI IMI), finds that company emissions are set to rise by 6.7% this year.

### **No sector or region is safe**

The Net-Zero Tracker also finds that less than half of listed companies are aligned with a 2°C temperature rise. No sector or region is aligned with the 2°C target. Even low emitting industries such as health care, information technology and financial services have outliers consuming a disproportionate share of their industry's remaining budget (Figure 1).

From a regional perspective, although companies in developed economies are projected to become more carbon-efficient this century, every region is still emitting in excess. The problem is most extreme in Emerging Markets (EM) EMEA, where the implied temperature rise of listed companies is 4.8°C, followed by EM Americas and EM Asia, which are set to rise by 3.8°C and 3.4°C, respectively (Figure 2). To address this, companies need to cut their absolute carbon emissions by 10% a year on average.

However, from 2016 to 2020, less than a quarter of the world’s publicly listed companies managed this feat.

### Major gaps in disclosure of emissions – the laggards revealed

As investors and policymakers seek new levels of transparency on emissions, the latest Net-Zero Tracker shows:

- Saudi Arabian Oil Company, Gazprom PAO and Coal India Limited are the top three listed companies with the largest carbon footprint (Figure 3)
- Shaanxi Coal Industry Company Ltd is the largest emitter to not disclose any of its greenhouse gas emissions (Figure 4)
- GlaxoSmithKline plc, H&M Hennes & Mauritz and Électricité de France S.A. are listed in the top 10 companies that have published the most thorough emissions-reduction targets (Figure 5)
- Gazprom PAO, A.P. Møller – Mærsk A/S and Toyota Industries Corporation reported additional scopes in the previous quarter and are now reporting all company emissions across most of the relevant categories (i.e., Scope 1, 2 and 3) (Figure 6)

**Remy Briand, Global Head of ESG and Climate at MSCI, adds:** “While it is encouraging that some of the world’s largest listed companies are taking important steps by broadening their emissions reporting and setting decarbonization targets, the Net-Zero Tracker shows that major gaps still remain as many are failing to disclose this crucial information. Climate disclosures are critical for investors to help them assess the carbon intensity of companies, to model climate-related financial risk and the impact on the performance of portfolios, and to allocate capital accordingly. Without accurate disclosures, the chances of companies and investors reaching net-zero is a distant reality. We call on policymakers and financial regulators at COP26 to make climate-related disclosures based on international standards mandatory.”

-Ends-

### About MSCI Inc.

MSCI is a leading provider of critical decision support tools and services for the global investment community. With over 50 years of expertise in research, data, and technology, we power better investment decisions by enabling clients to understand and analyze key drivers of risk and return and confidently build more effective portfolios. We create industry-leading research-enhanced solutions that clients use to gain insight into and improve transparency across the investment process.

### Notes to Editors

\*Gigaton is equal to a billion tons

Figure 1

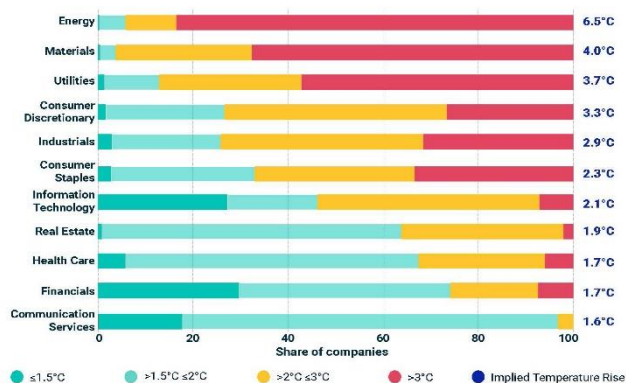


Figure 2

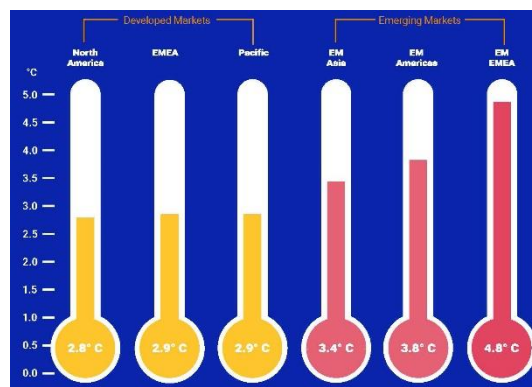


Figure 3

Issuer	Country	Scope 1 emissions [tons of CO2e]	Scope 2 emissions [tons of CO2e]	Scope 3 emissions [tons of CO2e]	Total carbon emissions [tons of CO2e]*	Sum of reported emissions vs MSCI estimated total emissions [%]**	Ratio of total company emissions (reported/estimated) vs ACWI IMI total emissions****
Saudi Arabian Oil Company	Saudi Arabia	141,353,354	12,882,544	2,066,786,386	2,221,022,284	Estimated only***	3.5%
GAZPROM PAO	Russia	210,300,000	11,730,000	1,142,501,400	1,300,530,000	94%	2.0%
COAL INDIA LTD	India	14,548,847	1,528,528	997,562,628	1,013,640,003	Estimated only***	1.6%
NK ROSNEFT' PAO	Russia	59,400,000	21,800,000	868,025,787	949,225,787	34%	1.5%
PetroChina Company Limited	China	132,170,000	41,910,000	660,197,527	834,277,527	21%	1.3%
EXXON MOBIL CORPORATION	U.S.	105,000,000	7,000,000	627,200,392	739,200,392	88%	1.2%
China Shenhua Energy Company Limited	China	126,680,000	8,220,000	529,127,420	664,027,420	20%	1.0%
ROYAL DUTCH SHELL PLC	Netherlands	63,000,000	9,000,000	585,031,708	657,031,708	98%	1.0%
BP P.L.C.	U.K.	41,300,000	4,200,000	592,909,079	638,409,079	58%	1.0%
Daimler AG	Germany	1,027,000	1,035,000	559,009,237	561,071,237	19%	0.9%

Figure 4

Issuer	Country	Emissions reference year (note capitalization)	GICS® sector	Total estimated emissions [tons CO2e]
Shaanxi Coal Industry Company Limited	China	2019	Energy	200,839,903
BERKSHIRE HATHAWAY INC.*	U.S.	2020	Financials	146,814,617
China State Construction Engineering Corporation Limited	China	2020	Industrials	93,669,496
Shanxi Coking Coal Energy Group Co., Ltd.	China	2019	Energy	82,534,966
PBF ENERGY INC.	U.S.	2020	Energy	75,332,910
Shanxi Lu'an Environmental Energy Dev. Co., Ltd	China	2020	Energy	73,857,910
CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD	China	2020	Energy	64,153,719
Dongfang Electric Corporation Limited	China	2020	Industrials	57,586,774
HUAYU Automotive Systems Company Limited	China	2020	Cons. Discretionary	53,289,015
MASTEC, INC.	U.S.	2020	Industrials	41,013,329

Figure 5

Issuer	Country	Latest target announcement date	Annual total emissions (tons of CO2e)	Projected normalized change in emissions per year [%]	Comprehensiveness of target [%]	Implied temperature rise (°C)
J Sainsbury PLC	U.K.	2020	31,718,705	-3.23	100	1.3
H & M Hennes & Mauritz AB	Sweden	2018	17,387,525	-3.23	100	1.3
GlaxoSmithKline PLC	U.K.	2019	17,425,188	-3.23	100	1.3
Electricite de France SA	France	2020	135,300,000	-3.23	100	1.6
BT GROUP PLC	U.K.	2020	3,428,510	-3.84	100	1.3
Shionogi & Co., Ltd.	Japan	2020	141,675	-3.23	100	1.3
Astrazeneca PLC	U.K.	2020	7,803,145	-8.69	100	1.3
MORGAN SINDALL GROUP PLC	U.K.	2020	3,969	-3.2	100	1.3
Koninklijke BAM Groep N.V.	Netherlands	2020	3,642,859	-3.07	100	1.3
ROYAL DUTCH SHELL PLC	Netherlands	2020	657,031,708	-3.23	100	2.1

**Figure 6**

Issuer	Country	Total reported emissions [tons CO2e]	Total estimated emissions [tons CO2e]	Sum of reported emissions vs MSCI estimated total emissions [%]*
Deutsche Telekom AG	Germany	18,931,684	16,696,169	113%
HESS CORPORATION	U.S.	56,800,000	52,462,488	108%
DAIWA HOUSE INDUSTRY CO.,LTD.	Japan	11,395,844	11,204,577	102%
A. P. MOELLER - MAERSK A/S	Denmark	53,224,000	52,442,814	101%
TOYOTA INDUSTRIES CORPORATION	Japan	48,455,818	48,341,263	100%
NANYA TECHNOLOGY CORPORATION	Taiwan	1,381,014	1,391,165	99%
Mitsui Chemicals, Inc.	Japan	16,752,064	16,954,596	99%
EIZO Corporation	Japan	381,275	388,531	98%
CNX RESOURCES CORPORATION	U.S.	29,960,000	30,631,427	98%
GREIF, INC.	U.S.	5,693,100	5,821,259	98%
Yadea Group Holdings Ltd	China	23,809	24,351	98%
Clariant AG	China	4,990,000	5,137,893	97%
SERCO GROUP PLC	U.K.	1,170,133	1,206,768	97%
COVANTA HOLDING CORPORATION	U.S.	4,857,554	5,020,894	97%
GAZPROM PAO	Russia	1,300,530,000	1,384,973,494	94%

**Media Inquiries**[PR@msci.com](mailto:PR@msci.com)

Sam Wang

+1 212 804 5244

Melanie Blanco

+1 212 981 1049

Laura Hudson

+44 (0) 207 336 9653

**MSCI Global Client Services**

EMEA Client Service

+ 44 20 7618.2222

Americas Client Service

+1 888 588 4567 (toll free)

Asia Pacific Client Service

+ 852 2844 9333

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