

MSCI Clarifies the Treatment of Tobacco Companies as part of its Current MSCI ESG Indexes Consultation

New York – January 17, 2018 – MSCI Inc. (NYSE: MSCI), a leading provider of research-based indexes and analytics, is currently conducting a consultation through the end of January 2018 on potential enhancements to the MSCI ESG Indexes. Given the feedback that MSCI has received so far in relation to the treatment of tobacco companies in the MSCI ESG Indexes, MSCI would like to clarify the way in which the proposals, working together, would impact the treatment of tobacco:

1. Proposal in relation to worst offenders from all MSCI ESG Indexes

Over the past three years, we have observed consensus among international institutional investors on a minimum set of exclusions when considering ESG in their investment processes. Those exclusions aim to reflect the common denominator among investors and refer to “worst offenders”. Following feedback from institutional investors through consultations in 2016 (e.g. MSCI ESG Universal Index consultation and MSCI Factor ESG Target Series Indexes), we defined worst offenders as those involved in controversial weapons or found in violation of Global Norms (i.e., OECD guidelines, UN Global Compact, etc.). At that time, we did not observe consensus among investors around the inclusion of other controversial activities as worst offenders (e.g. tobacco, thermal coal, etc.).

In our current consultation, we are asking for feedback on whether such other controversial activities (including tobacco) should be included as worst offenders, and hence, excluded from all of the MSCI ESG Indexes. An analysis of the impact of excluding tobacco companies from MSCI ACWI can be found in the appendix (page 36) of the MSCI ESG Indexes Consultation document at <https://www.msci.com/index-consultations>.

2. Proposal to remove values based exclusions screening from the MSCI ESG Leaders Index

Over the past few years, we have observed an increasing interest from international institutional investors to account for ESG issues in their investment decisions. Some use ESG issues to enhance long term return and mitigate long term risks. Others use ESG issues as a way to align their investments with their ethical or political beliefs (e.g., values alignment). The MSCI ESG Leaders Index is an example of an index primarily used by investors looking for ESG integration with lower interest in values alignment. As a result, we are asking for feedback on whether values based exclusion screening should be removed from the MSCI ESG Leaders Index. The rationale for the change is to clarify the objective of the index.

Tobacco companies might still be excluded from the MSCI ESG Leaders Index if tobacco is included in the category of worst offenders (as per point 1 above) even if the proposal of removing value based exclusion screening is accepted following the consultation.

The MSCI ESG Indexes Consultation document is available on the MSCI website at: <https://www.msci.com/index-consultations>.

This consultation may or may not lead to the implementation of any or all of the proposed changes in any MSCI indexes. Consultation feedback will remain confidential. MSCI may publicly disclose feedback if specifically

requested by specific market participants. In that case, the relevant feedback would be published together with the final results of the consultation.

-Ends-

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Our line of products and services includes indexes, analytical models, data, real estate benchmarks and ESG research.

MSCI serves 99 of the top 100 largest money managers, according to the most recent P&I ranking.

For more information, visit us at www.msci.com.

Media Inquiries

PR@msci.com

Sam Wang

+1 212 804 5244

MSCI Global Client Service

EMEA Client Service

+ 44 20 7618.2222

Americas Client Service

+1 888 588 4567 (toll free)

Asia Pacific Client Service

+ 852 2844 9333

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