

## MSCI Announces Conclusions of Consultation on Potential Enhancements to MSCI ESG Indexes

**New York – February 1, 2018** – MSCI Inc. (NYSE: MSCI), a leading provider of research-based indexes and analytics, announced today the conclusions from its recent consultation with the investment community on a proposal to apply a series of methodology enhancements to the MSCI ESG Indexes.

Following positive feedback from market participants, MSCI will implement the following enhancements to the MSCI ESG Indexes:

- Refinement of Controversial Weapons exclusion criteria (above 80% of respondents in favor)
- Removal of ESG ratings buffer for the MSCI ESG Leaders Indexes (above 90% of respondents in favor)
- Changes to the Values Based Exclusion Screens for the MSCI SRI Indexes (above 90% of respondents in favor)
- Use of the MSCI ESG Rating Trend for both the MSCI ESG Leaders and MSCI SRI Indexes (above 80% of respondents in favor). The MSCI ESG Rating Trend will be used for the ranking of securities that have same MSCI ESG Rating

The implementation timeline will be announced as soon as possible.

MSCI will not implement the following proposed changes as no consensus could be reached among market participants:

- Exclusion of “worst offenders” from all MSCI ESG Indexes
- Removal of the Values Based Exclusion Screens from the MSCI ESG Leaders Indexes

With regard to “worst offenders”, a number of market participants expressed concerns that applying minimum standards to all MSCI ESG Indexes could conflict with certain indexes’ stated objectives (e.g., MSCI Low Carbon Indexes or MSCI Ex Fossil Fuels Indexes). In addition, MSCI did not observe consensus as to whether “worst offenders”, currently defined as companies involved in controversial weapons or found in violation of Global Norms, should also include companies involved in other controversial activities such as tobacco or thermal coal.

Regarding the removal of the Values Based Exclusion Screens from the MSCI ESG Leaders Indexes, there was no clear consensus as to whether the MSCI ESG Leaders Indexes, which are primarily used by institutional investors aiming to enhance long term risk adjusted returns, should also account for values considerations. As a result, MSCI will keep the methodology unchanged with respect to Values Based Screens (e.g., tobacco, nuclear power, gambling, etc.).

Finally, given the interest that a number of market participants expressed relating to Tobacco divestment, MSCI will explore the possibility of complementing its ESG index offering by introducing a series of indexes that will exclude tobacco companies. More details will be communicated in due course.

-Ends-

## About MSCI

For more than 40 years, MSCI’s research-based indexes and analytics have helped the world’s leading investors build and manage better portfolios. Clients rely on our offerings for deeper insights into the drivers of performance and risk in their portfolios, broad asset class coverage and innovative research.

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](http://www.msci.com).

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