

MSCI expands Implied Temperature Rise metrics to funds and indexes

The expansion provides greater transparency for equity and fixed income institutional investors navigating the transition to a net-zero world

NEW YORK – November 8, 2022 – MSCI, a leading provider of critical decision support tools and services for the global investment community, has announced the expansion of its Implied Temperature Rise (ITR) solution to cover funds and indexes, equipping equity and fixed income investors with consistent and comparable metrics to align their investment portfolios with global temperature targets.

Expanding the tool to the fund and index level gives investors access to ITR data for more than 56,000 equity and fixed income funds through the [Fund Ratings Tool](#), as well as index level ITRs in the [MSCI Index Profile Tool](#).

This development is part of MSCI's ongoing commitment to provide greater transparency and clarity to climate pledges, following last year's [launch of Implied Temperature Rise](#), a publicly available dataset of 2,900 listed companies based on the MSCI ACWI Investable Market Index, with over 10,000 companies available to MSCI clients.

The Implied Temperature Rise solution translates the alignment of a company's current and projected emissions, within its net zero emissions budget,¹ to an estimated rise in global temperature. By comparing an intuitive metric against crucial benchmarks, such as the 1.5°C objective of the Paris Agreement, the Implied Temperature Rise helps investors assess how their fund portfolios measure up to decarbonization targets and strengthen their engagement activity on the transition.

This analytical solution has been built to measure and disclose alignment of portfolios as well as target-setting frameworks as prescribed by both the Glasgow Financial Alliance for Net Zero (GFANZ) and the Task Force on Climate-Related Financial Disclosures (TCFD) for all financial institutions.

Eric Moen, Head of ESG and Climate, at MSCI, said: "Expanding the Implied Temperature Rise Solution to the funds and index level will enable investors to align their decisions with critical global climate targets, demonstrate their progress to clients and stakeholders, and support the systemic transformation of capital markets to help avert the climate crisis.

"This addition to our growing suite of climate investing tools is part of our aim to increase awareness and raise climate disclosure standards by providing investors with versatile and robust ESG and climate tools. It further supports our role as an active member of the Glasgow Financial Alliance for Net Zero working group on portfolio alignment metrics, as we work towards a standardized best practice for markets."

MSCI Implied Temperature Rise is currently available as part of MSCI ESG Research's [Climate Value-at-Risk](#) product.

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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

¹ A net zero emissions budget reflects listed companies' share of the global budget, which is the total amount of greenhouse gases that humans can put into the atmosphere without undermining the Paris Agreement goal of keeping global warming well below 2°C, preferably no more than 1.5°C, by the end of the century.

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