

MSCI launches solution enabling real estate investors to assess climate risks

NEW YORK / LONDON / HONG KONG – June 24, 2020 – MSCI Inc. (NYSE: MSCI), a leading provider of critical decision support tools and services for the global investment community, today launched a new solution to help real estate investors assess and manage their exposure to climate change.

MSCI Real Estate Climate Value-at-Risk, which follows the launch of MSCI Climate Value-At-Risk (Climate VaR) in February this year, builds on MSCI's commitment to enable investors to effectively manage and plan for risk. It provides a forward-looking and return-based valuation assessment to measure climate-related risks for real estate assets in an investment portfolio.

By calculating the financial risks from both changing legislation due to climate action (Transition Risk) and the extreme weather impacts caused by climate change (Physical Risk), per real estate asset and per scenario, MSCI Real Estate Climate Value-at-Risk provides a framework for investors - including investment managers, asset owners, banks and insurers - to improve portfolio performance, risk management, regulatory reporting and progress towards broader sustainability goals. The framework is closely aligned to the G20's Financial Stability Board's Taskforce on Climate-Related Disclosures (TCFD).

Remy Briand, Head of ESG at MSCI, said: "MSCI has been a leader in helping investors incorporate climate change considerations in their investment process for over 20 years. Over this time, we have witnessed increased urgency from investors to quantify their climate risk exposures when constructing and analyzing portfolios."

He added, "With this new offering, MSCI offers climate solutions across every area of our business, from ESG Research to Analytics, Index, and now Real Estate. Investors can today gain a fully representative picture of climate risks and opportunities across assets through a methodologically consistent model, with the aim of improving their own investments and empowering them to invest in a way that meaningfully tackles climate change."

Jay McNamara, Head of Real Estate at MSCI, said: "Private real estate, as a long-term asset class, is particularly vulnerable to climate-related events. Our research has shown that the potential impact for real estate investors from climate events is far reaching and spans assets and geographies. Investors could face increased operational costs including property repairs, higher insurance costs, property devaluation and even the complete loss of property."

"As more global investors are increasing allocations to real estate and other private assets, there is a growing need to identify and understand financial risks from climate change and take necessary action for risk management, portfolio performance optimization and regulatory reporting purposes. With this solution, MSCI provides these investors with the ability to not only quantify their risk exposures, but to scenario plan and take action in mitigating these risks."

The MSCI Climate VaR was developed from MSCI's Climate Risk Center in Zurich. The aim of the center is to serve as a focal point for the development of climate change risk analytics and tools, and to forge strong partnerships with leading academic and research institutions around the world to advance the use of climate science for financial risk analysis.

MSCI [announced](#) it had acquired Carbon Delta in October 2019. For more information, please visit [msci.com](https://www.msci.com).

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About MSCI ESG Research Products and Services

MSCI ESG Research products and services are provided by MSCI ESG Research LLC, and are designed to provide in-depth research, ratings and analysis of environmental, social and governance-related business practices to companies worldwide. ESG ratings, data and analysis from MSCI ESG Research LLC are also used in the construction of the MSCI ESG Indexes. MSCI ESG Research LLC is a Registered Investment Adviser under the Investment Advisers Act of 1940 and a subsidiary of MSCI Inc.

About MSCI

MSCI is a leading provider of critical decision support tools and services for the global investment community. With over 45 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. To learn more, please visit www.msci.com.

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