

MSCI expands SFDR reporting solutions to help investors navigate regulatory demands

NEW YORK – July 8, 2021 – MSCI Inc. (NYSE: MSCI), a leading provider of critical decision support tools and services for the global investment community, today expanded its toolkit of climate data and reporting capabilities to help investors meet the requirements of the European Union (EU) Sustainable Finance Disclosure Regulation (SFDR).

MSCI's toolkit builds on the [MSCI EU Sustainable Finance Module](#), launched in February 2021, and aims to directly address investors' SFDR needs as market participants look to manage ESG and Climate related financial risk and increase transparency.

Remy Briand, Head of ESG at MSCI, said: "We are at a turning point for sustainable investing. SFDR will have a profound impact on global market participants, including asset managers, not just those in the European Union. The regulation requires all financial market participants serving EU investors to consider sustainability risks and make sustainability impact disclosures at the organization and financial product level. At MSCI, we are committed to providing the solutions investors need as financial regulators increase scrutiny of greenwashing and enforce greater standardization for responsible investing to address the increasingly urgent climate crisis."

The toolkit will enable investors to meet their regulatory needs and includes, or will add, the following features:

- **Issuer-level data:** The MSCI EU Sustainable Finance Module supports investors seeking to comply with new EU regulations with full transparency into issuers' SFDR metrics for over 10,000 companies and 175+ sovereign issuers or countries.
- **Regulatory reporting and portfolio analytics solutions:** Powered by MSCI's EU Sustainable Finance Module and multi-asset class analytics, investors can meet the new EU regulatory requirements by using the newly-released scalable and robust MSCI reporting capabilities, which allow them to manage risk and choose from standard or fully customized reports at their product and/or entity level.
- **Multi-asset class coverage:** As part of these reporting solutions, for the first time, investors can now have access to detailed SFDR data across asset classes for more than 700,000 global equity and fixed income securities across 14,000 total issuers. Investors also have the option to incorporate metrics on exchange traded and over the counter (OTC) derivatives to obtain full coverage across their portfolios.
- **Index-level metrics:** With today's launch of the MSCI EU Sustainable Finance Index Level Module, investors can access SFDR metrics for 6,000+ MSCI indexes, including Market Cap equity and Issuance-weighted fixed income indexes as well as ESG, Climate, Factor and custom indexes, for reporting purposes. These metrics would enable investors to easily report SFDR indicators for the benchmarks of their financial products.

¹ All quantitative data in the Global Institutional Investor report was derived from a survey of 200 hundred executives at 200 separate asset owners across the Americas, the Europe, Middle East and Africa (EMEA) and Asia Pacific. The surveys were conducted by phone in September 2020. Qualitative interviews and quotes came from a separate series of phone interviews.

- ESG fund-level metrics:** Later this year, investors will be able to understand how funds are classified, based on Article 8 or 9 sustainability and underlying flags, and report on fund-level holdings in their portfolios using MSCI ESG Fund Ratings. This will include MSCI SFDR Adverse Impact Metrics and MSCI EU Taxonomy Alignment metrics for approximately 53,000 equity and fixed income mutual funds and ETFs globally.

Jorge Mina, Head of Analytics at MSCI, commented: “We understand the challenges that come with a regulatory change as bold and wide-reaching as SFDR. This launch is part of our efforts to help investors manage risk and meet regulations through standard and customizable solutions that can be applied across their multi-asset class portfolios. At MSCI, we’re committed to empowering investors to effectively comply with and meet sustainability standards to propel the industry toward a sustainable, net-zero future.”

The EU Sustainable Finance Disclosure Regulation (SFDR) came into effect on March 10, 2021 and applies to financial market participants and financial advisers by imposing strict requirements on sustainability-related disclosures made by financial-services institutions such as banks, insurance companies, pension funds and investment firms within the scope of sustainability risks and accounting for any adverse impacts to sustainability through investment decisions or the financial advice. On June 30, 2021, financial market participants and financial advisers with more than 500 employees on group level are required to start considering principal adverse impacts. The first reference period is set to begin on January 1, 2022.

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About MSCI

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. To learn more, please visit www.msci.com.

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