

Who has the most robust carbon target – ExxonMobil or Chevron?

MSCI develops first of its kind framework to assess companies' decarbonization and net-zero climate targets

NEW YORK – June 2, 2021 – MSCI, a leading provider of critical decision support tools and services for the global investment community, has today revealed a new planned framework to assess a company's decarbonization targets against its net-zero goal.

The **MSCI Target Scorecard** will allow institutional investors, for the first time, to make direct comparisons between a company's climate commitments and ascertain which company has a realistic decarbonization target. This framework development occurs during a period of increase in shareholder engagement by institutional investors and climate activists.

The framework comes at a critical time, when approximately 35% of the MSCI ACWI Index - a representation of 3,000 large and mid-cap stocks across 23 developed and 27 emerging markets - have set a decarbonization or net-zero target to achieve between 2021 and 2100.¹ The MSCI Target Scorecard will evaluate a company's climate goals across three key dimensions:

- **Comprehensiveness** - examining how much of the total emissions of a company are covered by the published targets. MSCI analysis looks at the emission scopes that are covered by the targets, and the activities and geographies covered by the target. Additionally, the comprehensiveness determines whether solely carbon dioxide equivalent (CO₂e) emissions are considered, or all greenhouse gas emissions.
- **Ambition** - analyzing how much and how quickly a target aims to reduce emissions. MSCI will evaluate the information on emissions reductions and timeline to draw a company-level trajectory of future emissions. This provides investors with an overview of how a company's trajectory may deviate at the key horizons of 2030 and 2050 from the path required to achieve net-zero.
- **Feasibility** - assessing how feasible a given target is and how much confidence investors can have in its achievement. MSCI will assess a company's track record by comparing its expired original target emissions and the reported emissions in the target year. Similarly, the progress made by companies meeting their ongoing targets by benchmarking companies' latest emissions against the target's projected trajectory will also be assessed. This will inform the level of confidence that a company will achieve its targets.

MSCI will launch a public consultation in June 2021 with corporate issuers and investors to invite feedback and dialogue on the MSCI Target Scorecard.

Oliver Marchand, Global Head of ESG Research and Models, said: “The proliferation of decarbonization and net-zero targets is a positive development, however it is also one that can leave investors and other stakeholders confused.

“Looking under the hood of companies’ targets, we found a high degree of heterogeneity even where targets first appeared to be comparable. This makes it difficult for institutional investors to assess the potential impact targets could have, if achieved, on the environment or on companies’ climate-risk profiles. The MSCI Target Scorecard addresses this issue, allowing institutional investors to make comparisons between companies’ climate commitments.”

Linda-Eling Lee, Global Head of ESG Research, MSCI, commented, “The journey to a net-zero future will be powered by markets as investors allocate capital towards greener business models and away from fossil fuel-based industries. Amidst the wave of carbon reduction commitments and net-zero announcements there is also the increased focus on stewardship and activism as seen recently in the cases of ExxonMobil and Chevron.

“To support this, investors need a robust approach for assessing and comparing the real-world impact of a company’s commitments and the likelihood of achieving them. Our hope is that the MSCI Target Scorecard will become an essential tool in an investor’s decision-making arsenal as the world transitions to a low-carbon future.”

The development of the MSCI Target Scorecard follows the recent launch of MSCI’s report [‘The Role of Capital in the Net-Zero Revolution’](#), which highlights how capital markets participants must drive the systemic transformation needed to avert climate catastrophe, as well as identifying specific steps that companies as well as owners and managers of capital must take to drive the achievement of a net-zero economy by 2050. To support the transparency, MSCI will also publish quarterly the MSCI ACWI IMI Net-Zero Tracker - a report indicating the aggregate temperature alignment of MSCI ACWI IMI with a 1.5°C trajectory.

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¹As of January 5, 2021

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.

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