

## Listed companies have less than six years to align with 1.5°C warming target, inaugural MSCI Net-Zero Tracker reveals

*Launch of quarterly MSCI Net-Zero Tracker will show progress of listed companies towards the goals of the Paris Agreement and highlight climate leaders and laggards*

**NEW YORK – July 12, 2021** – The world's publicly listed companies must dramatically accelerate climate action if the 1.5°C warming target set out in the 2015 Paris Agreement is to be met, according to a new quarterly Net-Zero Tracker published by MSCI, a leading provider of critical decision support tools and services for the global investment community.

The **inaugural Net-Zero Tracker** highlights how the annual emissions of listed companies globally are still at the same level as 2013, despite concerted efforts to place climate change at the top of the global agenda. This includes the 2015 Paris Agreement which set a goal to limit global warming to below 2°C, with 1.5°C the preferred target.

Specifically, the MSCI Net-Zero Tracker highlights that listed companies:

- Collectively emit 10.9 gigatons\* of direct greenhouse gases every year, as of May 31, 2021
- Need to stay within the remaining emissions budget of 61.4 gigatons of carbon-dioxide equivalent (CO<sub>2</sub>e) to avoid breaching the 1.5°C threshold
- Would deplete the remaining emissions budget in less than six years, without any change to their current emissions

**Henry Fernandez, Chairman and Chief Executive Officer, MSCI, comments:** "For the net-zero revolution to be successful it is critical for investors, companies, financial intermediaries and policymakers to come together to divert the world onto a path towards a sustainable future. Despite the rhetoric since the 2015 Paris Agreement, more immediate action is needed. The MSCI Net-Zero Tracker is a progress report for whether the world can keep the global temperature rise below 1.5°C. Listed companies and other capital market participants have less than six years to meet that target.

"In addition to listed companies taking action to drive the transition to net-zero, there needs to be a reallocation of capital by asset owners and an effective channelling of funds by asset managers and banks. This will help reduce the risks of climate change for the world as we all play our part to avert a climate catastrophe."

The MSCI Net-Zero Tracker provides a quarterly gauge of climate change progress across a global universe of 9,300 publicly listed companies based on the MSCI All Country World Investable Market Index (MSCI ACWI IMI). The Net-Zero Tracker will bring new levels of transparency to investors and policymakers regarding listed companies' action on climate, providing aggregate progress on

temperature alignment as well as highlighting industry leaders and laggards. The latest report shows that:

- A number of well-known publicly listed companies reported their indirect (i.e, Scope 3) emissions for the first time, including, Airbus SE, Baidu, Inc., and British American Tobacco plc, but not all the disclosures are comprehensive
- Westpac Banking Corporation and Booking Holdings Inc., the operator of Booking.com, KAYAK and OpenTable, reported only a small proportion of their total direct and indirect emissions
- The Procter & Gamble Company and ASML Holding N.V. both reported additional scopes in the previous quarter, to now report all company emissions across most of the relevant categories (i.e, Scope 1, 2 and 3)
- Coal India Limited was the largest emitter not to report any of its greenhouse gas emissions

**Remy Briand, Global Head of ESG and Climate at MSCI, adds:** “The MSCI Net-Zero Tracker is bringing a new level of transparency to the climate debate. It will allow investors to monitor whether listed companies have credible plans to reduce their carbon footprint and track the alignment of their own portfolios with the 2015 Paris Agreement. The data in our inaugural Net-Zero Tracker shows the need for a dramatic acceleration in action from the world’s public companies. For those not matching their commitments or lagging, there should be nowhere left to hide.”

**-Ends-**

## 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

\*Gigaton is equal to a billion tons

## The largest emitters that have not disclosed their greenhouse gas emissions

The table below shows the 10 largest emitters based on MSCI emissions estimates\* that had not reported any of their greenhouse gas emissions as of May 31, 2021.

Issuer	Emissions Reference Year	GICS® Industry	Total emissions (estimated) [t CO2e]
COAL INDIA**	2019	Energy	1,020,007,692
SURGUTNEFTGAZ PAO	2019	Energy	206,485,930
SHAANXI COAL INDUSTRY	2019	Energy	200,839,903
CHINA STATE CONSTRUCTION ENGINEERING	2019	Industrials	92,647,675
SHAANXI COKING COAL GROUP	2019	Energy	82,534,966
SDIC POWER HOLDINGS	2019	Utilities	80,799,088
PBF ENERGY	2019	Energy	77,406,962
SHAANXI LUAN	2019	Energy	73,668,239
GREENLAND HOLDINGS	2019	Real Estate	21,133,414
ZHEJIANG CENTURY HUATONG GROUP	2019	Communication Services	5,384,905

\* Sum of MSCI's Scope 1, Scope 2 and Scope 3 emissions estimates.

\*\* Coal India's total emissions consisted primarily of Scope 3 emissions (1,003,930,316 tons). The company's Scope 1 and 2 emissions totaled 16,077,375 tons.

## Public companies with improved emissions reporting

The table below shows the 15 largest public companies by market capitalization<sup>1</sup> in the MSCI ACWI IMI that reported additional scopes or categories of greenhouse gas emissions in the 12 months up to May 31, 2021.

Issuer	Previously reported, newly reported and unreported scopes and categories <sup>2</sup> (as of May 31, 2021)	Total reported emissions [tons CO2e] (as of May 31, 2021)	Total emissions (reported and estimated) [tons CO2e] (as of May 31, 2021)	Sum of reported emissions vs. MSCI estimated total emissions [%] <sup>3</sup>	Comments
PROCTER & GAMBLE	Scope 1 Scope 2 Scope 3 Scope 3 Category 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15	252,024,430	252,024,430	100%	Reports fully across all emissions scopes and categories
ASML HOLDING	Scope 1 Scope 2 Scope 3 Scope 3 Category 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15	8,555,200	8,555,200	100%	Reports fully across all emissions scopes and categories
ANHEUSER-BUSCH INBEV	Scope 1 Scope 2 Scope 3 Scope 3 Category 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15	30,393,747	43,031,538	71%	Majority of value chain (Scope 3) emissions reported
HERMES INTERNATIONAL	Scope 1 Scope 2 Scope 3 Scope 3 Category 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15	520,996	2,824,119	18%	Has yet to report some value chain (Scope 3) emissions; missing downstream
COMMONWEALTH BANK OF AUSTRALIA	Scope 1 Scope 2 Scope 3 Scope 3 Category 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15	161,519	35,285,004	<1%	Has yet to report most value chain (Scope 3) emissions; missing financed emissions as a large component
AIRBUS	Scope 1 Scope 2 Scope 3 Scope 3 Category 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15	1,090,929	31,523,885	3%	Has yet to report most value chain (Scope 3) emissions
BYD	Scope 1 Scope 2 Scope 3 Scope 3 Category 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15	4,145,179	26,719,055	16%	Has yet to report most value chain (Scope 3) emissions
BOOKING HOLDINGS	Scope 1 Scope 2 Scope 3 Scope 3 Category 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15	55,923	15,725,516	<1%	Has yet to report most value chain (Scope 3) emissions
BRITISH AMERICAN TOBACCO	Scope 1 Scope 2 Scope 3 Scope 3 Category 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15	8,306,684	8,485,050	98%	Majority of value chain (Scope 3) emissions reported
WESTPAC BANKING	Scope 1 Scope 2 Scope 3 Scope 3 Category 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15	199,520	11,966,470	2%	Has yet to report most value chain (Scope 3) emissions; missing financed emissions as a large component
ATLAS COPCO	Scope 1 Scope 2 Scope 3 Scope 3 Category 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15	427,651	5,524,112	8%	Has yet to report most value chain (Scope 3) emissions
INVESTOR AB	Scope 1 Scope 2 Scope 3 Scope 3 Category 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15	284,722	325,806	87%	Majority of value chain (Scope 3) emissions reported
EQUINOR	Scope 1 Scope 2 Scope 3 Scope 3 Category 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15	272,495,398	277,995,760	98%	Majority of value chain (Scope 3) emissions reported
BAIDU	Scope 1 Scope 2 Scope 3 Scope 3 Category 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15	490,537	1,944,163	25%	Has yet to report most value chain (Scope 3) emissions beyond employee commuting, business travel
BAYER	Scope 1 Scope 2 Scope 3 Scope 3 Category 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15	12,620,000	24,320,199	52%	Has yet to report some value chain (Scope 3) emissions beyond employee commuting, business travel.

<sup>1</sup> = Previously reported scopes and categories

<sup>2</sup> = Newly reported scopes and categories

<sup>3</sup> = Unreported scopes and categories (as of May 31, 2021)

1 The list of companies is sorted by their free-float market cap weight in MSCI ACWI IMI as of May 31, 2021.

2 The Scope 1, 2 and 3 categories are defined in the glossary.

3 Companies report emissions for Scope 3 categories they consider to be material. MSCI combines reported and estimated emissions data to calculate a company's total emissions footprint, using a company-specific model to estimate emissions for all 15 Scope 3 categories.

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