MSCI develops Total Portfolio Footprinting to measure financed emissions of loans and investments

NEW YORK – June 30 2022 – MSCI, a leading provider of critical decision support tools and services for the global investment community, has launched today Total Portfolio Footprinting to help financial institutions measure carbon emissions across their lending and investment portfolios as part of the transition to a net-zero economy.

Total Portfolio Footprinting allows institutions to better understand the extent and impact of the greenhouse gas emissions they are financing, and it aims to provide the information needed to focus capital on more sustainable business practices. Measuring financed emissions is a foundational building block required for reporting, target setting, scenario analysis and creating climate-aligned portfolios.

The tool provides institutions with the ability to set and manage reduction targets for their financed emissions against a baseline, aligning this with their net zero commitments within banking, insurance and investments.

Leveraging best-in-class climate data and models will help banks, insurers and other institutions to align with key global standards and requirements, including the Taskforce for Climate Related Disclosure (TCFD) framework, Partnership for Carbon Accounting Financials (PCAF), National Association of Insurance Commissioners (NAIC) and European Insurance and Occupational Pensions Authority (EIOPA) standard.

Eric Moen, Global Head of ESG and Climate at MSCI, said: “The introduction of climate-related regulation and increasing stakeholder demands are putting greater scrutiny on financial institutions such as banks, insurers and asset managers as they seek to measure climate risk across their investment portfolios. These institutions may need to take urgent action to accelerate progress on their climate journey. Total Portfolio Footprinting can help them to broadly assess the carbon emissions they are financing through loans and investments and assist them in taking prompt and meaningful action.”

Eric Moen added, “Total Portfolio Footprinting creates a snapshot of financed emissions across asset classes and subsets, giving institutions clearer visibility over where they stand today in relation to their climate commitments and obligations. Moving forward, Total Portfolio Footprinting will help them to measure against this baseline, focus capital on activities with more sustainable business practices, manage their climate impact and fulfill their crucial role in the global transition to a low carbon economy.”

This is the latest addition to a range of powerful climate models, data and tools that MSCI offers to help investors to navigate net-zero targets and transitions. It follows the launch of MSCI’s Climate Lab, Net-Zero Tracker, and Implied Temperature Rise, which work with its Target Scorecard and Net Zero Tracker in aiming to measure how companies align to global temperature targets.

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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.

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