

MSCI ESG CARBON PORTFOLIO ANALYTICS

FROM MSCI ESG RESEARCH INC.

MSCI ESG Research’s Carbon Portfolio Analytics report is a tool for understanding, measuring and managing carbon risk at the portfolio, sector, and company level. It is available directly from MSCI ESG Manager as an Excel Extension template or as a Managed Service.

KEY FEATURES AND BENEFITS

Integrated Carbon Risk Assessments

Carbon Portfolio Analytics reports include a carbon footprint analysis, as well as analysis of an extensive set of carbon risk management and exposure metrics sourced from sophisticated in-house research, from stranded assets to clean technology investments.

Informative Benchmark Comparisons

The reports offer a side by side analysis of portfolios replicating two indexes: one market index and one based on low carbon or Environmental, Social, and Governance (ESG) criteria, leveraging MSCI’s extensive suite of low carbon, fossil fuel exclusion and traditional indexes.

Identify Outliers

Analyze key sectors and companies where risk is concentrated to better inform carbon reduction strategies and support active dialogue and proxy engagement.

Actionable Analysis

The reporting can help inform strategies to tilt the portfolio towards lower carbon emissions/intensity, or identify high risk companies with weak carbon management strategies relative to peers.

Transparent and Understandable

The report has clearly defined metrics and analysis with context to help with the interpretation of the results. For example, the report includes attribution analysis that evaluates how stock selection and sector weighting can explain the

differences between the carbon footprint of a portfolio and the carbon footprint of portfolios replicating an index.

Additional Metrics on Risks and Opportunities

The tool provides analysis on stranded asset exposure, together with assessments of carbon risk management practices and energy initiatives, in an effort to indicate possible exposure to environmental legislation and preparedness for transition to a low carbon economy.



ASSET OWNERS CAN USE THE REPORTS TO ASSIST IN THEIR:

- Manager selection and monitoring
- Evaluation of how managers address climate change risks
- Reporting on carbon footprint of investments, e.g. the Montreal Pledge
- Understanding and quantifying of carbon risks in a portfolio
- Response to calls for transparency and carbon reduction strategies
- Efforts to reduce or offset exposure to the largest carbon emissions contributors in a portfolio's carbon footprint
- Identification of targets for company engagement

ASSET MANAGERS CAN USE THE REPORTS TO ASSIST IN THEIR:

- Reporting on carbon footprint of investments, e.g. the Montreal Pledge
- Evaluation of climate change risk exposure in portfolio construction
- Analysis of portfolio positioning with respect to low carbon transition risks
- Identification of strategies for reducing carbon footprint and exposure to climate change risks
- Integration of climate change risk analysis within their investment process
- Identification of targets for company engagement

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