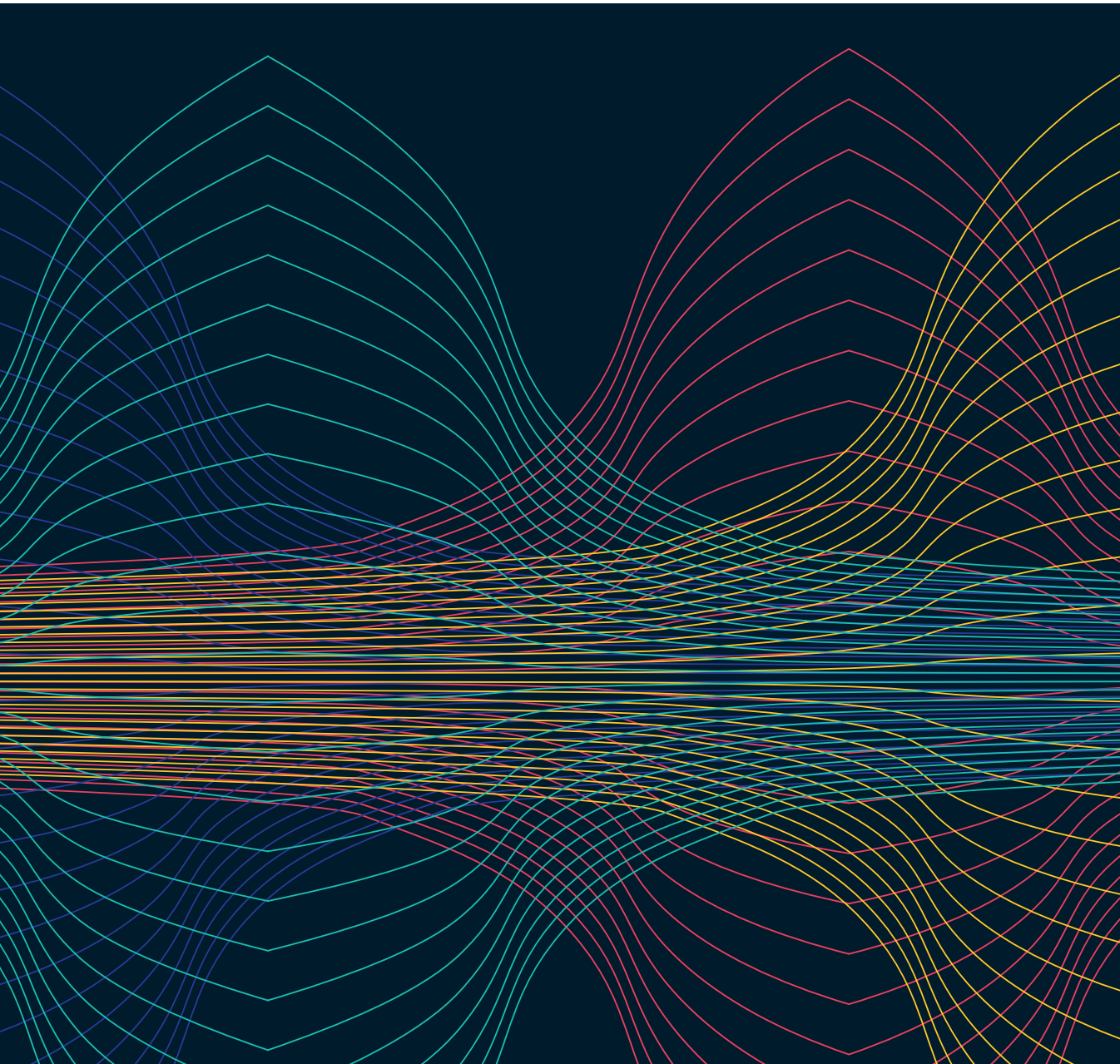




# MSCI ESG Screened Indexes

An off-the-shelf approach  
to ESG Screens



# Exclusionary Screens:

## A longstanding approach

Exclusionary screens are an integral component of sustainable investing for many institutional investors. In Europe, screening approaches are used by investors to manage over €15 trillion in assets.

For over 20 years MSCI has calculated exclusions based indexes for some of the world's largest endowment and pension funds.

We've observed a growing interest among investors for market cap indexes with exclusions built into the index. Historically this has been achieved through custom indexes which can add time and cost.

## Introducing MSCI ESG Screened Indexes

The MSCI ESG Screened Index methodology is MSCI's first standard index methodology to incorporate a range of ESG exclusions while seeking to maintain a profile similar to market cap indexes.

The Indexes exclude companies based on the following Environmental, Social and Governance (ESG) framework:



1 European SRI Study (2016) based on a survey of 278 asset managers and asset owners across Europe. Exclusions represent €10 trillion and Norms-based screening €5 trillion in assets

2 Companies with ties to cluster bombs, landmines, depleted uranium weapons, chemical and biological weapons, blinding laser weapons, non-detectable fragments, incendiary weapons

3 Companies

- Classified as producer of firearms and small arms ammunition for civilian market
- Deriving 5% or more revenue from the distribution of firearms and small arms

4 All Companies connected with nuclear weapons as Manufacturer, provider of components or auxiliary services related to nuclear warheads and missiles; Assembler of delivery platforms for nuclear weapons

# MSCI ESG Screened Indexes series

The new MSCI ESG Screened Index series offers a modern approach to ESG screens. They are designed to exclude companies of common concern to investors while seeking to maintain a profile similar to market cap indexes.

## The indexes aim to exclude companies:

- » associated with controversial, civilian, nuclear weapons and tobacco
- » that derive revenues from thermal coal and oil sands extraction or
- » that are not in compliance with the United Nations Global Compact (UNGC) principles

## Key features

- » **ESG Screened:** to incorporate common exclusions while aiming for a similar risk and return profile as market cap indexes
- » **Easy to Access:** available as part of the standard offering in MSCI's ESG Index Module and Enhanced Module
- » **Easy to Implement:** designed to be easy to use and efficient for investors who seek an off the shelf ESG exclusion index

## Key benefits

- » Designed to maintain a broad coverage with similar profile to market cap index
- » Targets zero exposure to Controversial Weapons or Tobacco Producers
- » Aims to exclude companies involved in controversial businesses
- » Limited exclusions designed to minimize tracking error vs parent index
- » Aims to reduce Carbon Footprint

The MSCI ESG Screened Indexes are the latest addition to our suite of 1,000+ MSCI ESG Indexes:

1. MSCI EMU ESG Screened Index
2. MSCI USA ESG Screened Index
3. MSCI Europe ESG Screened Index
4. MSCI World ESG Screened Index
5. MSCI Japan ESG Screened Index
6. MSCI Emerging Markets IMI ESG Screened Index

## MSCI ESG Indexes

MSCI ESG Indexes are designed to support common approaches to ESG investing, and help institutional investors more effectively benchmark to ESG investment performance as well as manage, measure and report on ESG mandates.

MSCI ESG Indexes also provide institutional investors with transparency into ESG sustainability and values alignment, together with the ability to compare holdings.

## MSCI – A leader in ESG indexing #1

for SRI<sup>5</sup> Research, Corporate Governance and ESG Indexes as voted by over 1,000 survey respondents<sup>6</sup>

1,300

institutional investor clients around the world

over \$250bn

in assets are benchmarked to equity and fixed income MSCI ESG Indexes<sup>7</sup>



<sup>5</sup> 'SRI' - Socially Responsible Investment.

<sup>6</sup> The Independent Research in Responsible Investment (IRRI) Survey 2015, 2016, 2017 & 2018/19.

<sup>7</sup> Based on publicly available information or press releases published from 2014 to date.



# About MSCI ESG Research Products and Services

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MSCI ESG Research products and services are provided by MSCI ESG Research LLC, and are designed to provide in-depth research, ratings and analysis of environmental, social and governance-related business practices to companies worldwide. ESG ratings, data and analysis from MSCI ESG Research LLC. are also used in the construction of the MSCI ESG Indexes. MSCI ESG Research LLC is a Registered Investment Adviser under the Investment Advisers Act of 1940 and a subsidiary of MSCI Inc.

# About MSCI Inc.

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MSCI is a leading provider of critical decision support tools and services for the global investment community. With over 45 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/esg-investing](http://www.msci.com/esg-investing).

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