

MSCI Urges Industry to Incorporate ESG Considerations into Investment Processes

NEW YORK, January 21, 2020 – MSCI (NYSE: MSCI), a leading provider of mission critical decision support tools and services for the global investment community, is calling for all investors globally to more readily integrate Environmental, Social and Governance (ESG) considerations throughout their investment processes if they are to mitigate the risks and identify the opportunities of a rapidly changing world and contribute to an effective and balanced transition towards a sustainable economy.

MSCI has published “The MSCI Principles of Sustainable Investing,” a framework designed to illustrate specific, actionable steps that investors can and should undertake to improve practices for ESG integration across the investment value chain. The framework includes three core pillars to full ESG integration:

1. **Investment Strategy:** Asset owners should integrate ESG considerations into their processes for establishing, monitoring and revising their overall investment strategy and asset allocation.
2. **Portfolio Management:** Portfolio managers should incorporate ESG considerations throughout the entire portfolio management process, including security selection, portfolio construction, risk management, performance attribution and client reporting.
3. **Investment Research:** Research analysts assessing companies and issuing investment recommendations to portfolio managers should integrate ESG considerations (including ESG company ratings) into their fundamental company analysis.

This publication, which can be found [on MSCI's website](#), is one of many resources designed to help investors identify new investment opportunities, manage emerging risks and achieve long-term, sustainable investment performance.

“The world is rapidly evolving due to dramatic environmental, social and governance shifts, including the effects and implications of climate change and the move to a low carbon economy, which will significantly impact the pricing of financial assets and the risk and return of investments, and lead to a large-scale re-allocation of capital over the next few decades,” said **Henry Fernandez, Chairman & CEO at MSCI**.

“The need for a set of guidelines that will help all investment institutions around the world manage emerging opportunities and inherent risks associated with ESG considerations in pursuit of long-term, sustainable investment performance has never been greater. MSCI is fully committed to helping investors make better decisions for a better world, and these Principles of Sustainable Investing play a part towards achieving that mission,” added Mr. Fernandez.

“Sustainable investing is a critically important part of the long-term investment process and our framework is designed to help investors understand approaches to effectively integrate ESG criteria as a core component of building a resilient portfolio,” said **Remy Briand, Head of ESG at MSCI**. “Through our research, tools and efforts to promote transparency, we seek to support investors in the critical quest to integrate ESG considerations in their portfolios.”

MSCI has been at the forefront of providing data, research and other tools to help enable ESG integration across the whole investment process and is committed to further advance solutions to facilitate and accelerate sustainable investing. Our research, ratings, indexes, models and portfolio analytics

empower the world’s largest and most sophisticated investors in their drive to integrate ESG considerations into their investment processes.

MSCI also promotes ESG transparency across the investment value chain by making publicly available our ESG ratings of the most commonly owned companies worldwide, as well as our methodologies for determining ESG company ratings and constructing ESG indexes. By April 30, 2020, MSCI will also make public the ESG characteristics of all MSCI Equity Indexes and of the most commonly owned mutual funds.

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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.

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