



# MSCI's Contribution to the UN's Sustainable Development Goals



**In 2015, the United Nations developed the 17 UN Sustainable Development Goals (SDGs), defining the goal posts for delivering global sustainable development. While governments have adopted the goals and signed up to their implementation, government action alone will not be enough to achieve them. Corporate action is also required to achieve the goals and foster sustainable development, reduce inequality, and protect the environment. At MSCI, we are committed to addressing the UN SDGs both through our products and services as well as through our operations.**

Since their adoption by the United Nations, MSCI has worked to provide practical ways for investors to consider the SDGs. In 2016, we developed a framework designed to allow investors to measure their exposure to listed companies, providing sustainable impact solutions, and grouping the 17 goals into five actionable impact themes. Subsequently, in September 2020, we launched the MSCI SDG Alignment Tool designed to provide investors with a complete view of a company's net contribution – both positive and negative – towards addressing each of the 17 UN SDGs.

At MSCI, we hold ourselves to the same high standards that we use to assess the alignment of companies to the SDGs. As a company, MSCI has been actively supporting all 17 UN SDGs for a number of years, particularly through our solutions. While our business and operations contribute to multiple SDGs, both directly and indirectly, we have identified a subset of the goals where we believe MSCI can make a meaningful impact, best align with MSCI's strategic priorities, and where we are able to measure the progress of our efforts in the most transparent way. Specifically, there are four SDGs that we believe are particularly relevant to our business and strategic priorities: "Gender Equality", "Decent Work & Economy Growth",

"Reduced Inequality" and "Climate Action".

Along with businesses across the world, MSCI is on a continuous journey to increase its alignment to the SDGs and will continue to look for ways to expand its contribution over time and provide regular updates to its stakeholders.

Below we provide a detailed overview of the four SDGs which we are currently focused on.



## SDG 5 – Gender Equality

### Policy and Commitment

MSCI is committed to a work environment that values Diversity, Equity and Inclusion (DE&I), and where everyone is treated with dignity and respect. We believe that empowering people of all genders will make our business and society more prosperous and sustainable. We are committed to ensuring fair treatment and pay equity by regularly reviewing and managing compensation levels, supporting full and effective participation of female workers at all levels of our company, and promoting women into leadership positions, where merited.

### MSCI's Operations

#### MSCI's Key Actions

- Appointed a Chief Diversity Officer in 2021 to provide strategic leadership across our DE&I initiatives and programs
- Included DE&I goals in the variable compensation of senior management
- Regularly reviewed and managed compensation levels for gender pay parity



SDG 5 – Gender Equality *cont*

- Tracked, measured, evaluated, and reported on gender representation in the workforce globally
- Ensured that there is diverse representation in premier leadership and management development programs and other learning and development offerings
- Developed female leaders across our company, including at junior, mid-level and senior levels
- Sponsored Employee Resources Groups (e.g., Women’s Leadership Forum, Women in Tech)
- Collaborated with a variety of organizations, partnerships, and community outreach enhancing the DE&I of our global workforce (e.g., Catalyst, Women in ETFs etc.)

**Key Performance Indicators**

- Females represented 33% of our global workforce and 21% of the executive management population<sup>1</sup>
- Females represented 30% of our Board of Directors (3 women Directors)<sup>2</sup>



**10%**

of the target annual cash incentives for all Managing Directors was linked to DE&I goals<sup>3</sup>

**MSCI's Products and Services**

**MSCI's Key Actions**

- Provided metrics, analytics and indexes for investors wanting to understand and manage their exposure to gender diversity (e.g., MSCI Japan Empowering Women (Win) Index, MSCI Racial and Ethnic Diversity metrics)
- Published research aiming to educate investors on gender diversity and the possible link with financial performance

**Key Performance Indicators**

- Published 12 Women on Board reports: Since 2009, MSCI ESG Research has reported annually on the state of women’s representation on corporate boards<sup>4</sup>
- Published 20 blogs, 34 research papers, eight podcasts and one infographic on gender diversity over the past three years.<sup>5</sup>
- Released five gender-related standard indexes<sup>6</sup>

**For more information, please refer to the following links:**

- ▶ [Corporate Responsibility: Social Responsibility – MSCI](#)
- ▶ [Women on Boards: 2020 Progress Report](#)



**SDG 8 – Decent Work and Economic Growth**

**Policy and Commitment**

Our people power our business – their success is our success. MSCI is committed to creating a performance culture of high employee engagement where everyone has the opportunity to learn, collaborate and innovate to achieve their full potential and develop better solutions for a better world.

We have adopted policies and codes that guide behaviors to maintain a fair and ethical workplace including:

- [MSCI Code of Ethics and Business Conduct](#) statement, which outlines MSCI’s commitment to integrity and the highest ethical standards in all that we do
- [MSCI Global Human Rights Policy](#), which summarizes our key policies that aim to ensure fundamental human rights are integrated into our operations.
- [MSCI Modern Slavery Statement](#), which summarizes our firm’s commitment to protecting human rights globally and providing a fair and ethical workplace.

<sup>1</sup> Executive Management includes Executive Committee members and Managing Directors, as of December 2020. Source: [MSCI's Corporate Responsibility Site / Diversity, Equity and Inclusion](#)

<sup>2</sup> As of December 2020. Source: [MSCI's 2021 Proxy Statement](#)

<sup>3</sup> Starting in 2021. Source: [MSCI's 2021 Proxy Statement](#)

<sup>4</sup> Source: [MSCI's ESG Research](#)

<sup>5</sup> Source: [MSCI's ESG Research site](#)

<sup>6</sup> MSCI Japan Empowering Women (Win) Index, MSCI Europe Women’s Leadership Index, MSCI USA IMI Women’s Leadership Index, MSCI USA Women’s Leadership Index, MSCI World Women’s Leadership Index.





SDG 8 – Decent Work and Economic Growth *cont*

**MSCI's Operations**

**MSCI's Key Actions**

- Provided a wide variety of training programs
- Offered a broad range of highly competitive benefits to our employees and their families, including same-sex and domestic partners
- Promoted workplace safety and offer multiple benefits that enable employees to lead healthy and well-balanced lives
- Regularly engaged with employees to measure whether our approach to performance, growth and career development is driving employee engagement. Eligible managers, functional leaders and office heads received engagement results to communicate to their respective groups.
- Offered internship opportunities to train the next generation of financial industry professionals

**Key Performance Indicators**

- We recorded 7.6% voluntary turnover and 3.8% involuntary turnover<sup>7</sup>
- Approximately 85% of employees responded to an employee engagement check-in survey<sup>8</sup>
- 85% of employees reported in the 2020 engagement survey that they had an opportunity to learn and grow in the past year<sup>9</sup>

**MSCI's Products and Services**

**MSCI's Key Actions**

- Offered ESG and climate solutions including data, analytics and indexes to enable investors globally to manage their ESG and climate risks and opportunities
- Drove awareness about ESG and climate issues among investors, companies, policy makers and

civil society globally

- Developed and enhanced methodologies to align with the latest market trends and science
- Published “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

**Key Performance Indicators**

- MSCI ESG Rating<sup>10</sup> covered 8,500 companies (14,000 issuers, including subsidiaries)
- Served 2,200 clients through our ESG products and services<sup>11</sup>
- Approximately \$579 billion in assets under management benchmarked to our ESG & Climate indexes<sup>12</sup>

**For more information, please refer to the following links:**

- ▶ [Corporate Responsibility: Social Responsibility](#)
- ▶ [Corporate Responsibility: Better Investments for a Better World](#)
- ▶ [The MSCI Principles of Sustainable Investing](#)



**SDG 10 –  
Reduced  
Inequalities**

**Policy and Commitment**

As mentioned in SDG5, MSCI is committed to DE&I. Our commitments go beyond gender to also include under-represented groups, including ethnic minorities and members of the LGBT+ community. We are determined to provide equal opportunities and develop an inclusive culture.

Our policies and principles are summarized below:

- [Global Human Rights Policy](#), which summarizes key policies and practices that aim to ensure fundamental human rights are integrated into our operations.
- [Code of Ethics and Business Conduct](#) statement, which outlines MSCI's commitment to integrity and the highest ethical standards in all that we do.
- [MSCI Supplier Code of Conduct](#), which sets out MSCI's values and expectations, including our sourcing principles, as well as the labor, human rights, environmental, legal, and regulatory compliance principles we expect our suppliers to uphold.

<sup>7</sup> For the one-year period ended December 31, 2020. Source: [MSCI's 2020 Annual Report](#)

<sup>8</sup> Conducted in November 2020 and in addition to an employee engagement check-in survey conducted in June 2020. Source: [MSCI's Corporate Responsibility Site / Cultivating Talent and Employee Engagement](#)

<sup>9</sup> Conducted in November 2020 and in addition to an employee engagement check-in survey conducted in June 2020. Source: [MSCI's Corporate Responsibility Site / Cultivating Talent and Employee Engagement](#)

<sup>10</sup> As of November 1, 2020. Source: [MSCI's Our Solutions site / ESG Investing / ESG Ratings](#)

<sup>11</sup> As of June 2021. To calculate the number of clients, we use the shipping address of the ultimate customer. Source: MSCI's Finance Team

<sup>12</sup> ETF, Non-ETF and Active AUM as of June 30, 2021. Source: MSCI's Finance Team





SDG 10 – Reduced Inequalities *cont*



**MSCI's Operations**

**MSCI's Key Actions**

- Offered unconscious bias awareness training to all employees globally using a science-based approach and practical applications in the workplace. We believe that raising awareness of unconscious bias is a necessary step to creating an inclusive culture
- Sponsored multiple Employee Resource Groups (ERGs) across the company including All Abilities Group, Asian Support Network, Black Leadership Network, MSCI Pride & Allies, Women's Leadership Forum and Women in Tech
- Developed an Executive Diversity Council, whose mission is to champion a diverse and inclusive culture by providing ongoing counsel on corporate initiatives and facilitating collaboration across the company
- Included DE&I and compliance with human rights in suppliers code of conduct
- Disclosed ethnicity data in the U.S. for the total workforce as well as by employee level

**Key Performance Indicators**

- Created six new Employee Resource Groups<sup>13</sup>
- 2020 employee breakdown in the U.S.<sup>14</sup> was 50% White, 26% Asian, 9% Hispanic or Latino, 3% Black or African American, 4% Other,<sup>15</sup> 8% N/A.<sup>16</sup>

**MSCI's Products and Services**

**MSCI's Key Actions**

- Provided screening data and tools for investors wanting to identify companies in their portfolio with positive and negative practices related to ESG issues, including reducing inequalities
- Assessed companies' involvement in controversies relating to Global Norms, including UN Global



**42%**

People of color accounted for 42% of our U.S. employees.

Compact and the OECD Guidelines for Multinational Enterprises

- Measured companies' alignment both positive and negative with the 17 UN SDGs
- Developed indexes aiming to reduce exposure to companies facing controversies relating to internal norms as well as indexes including companies providing solutions related to the SDGs (including reducing inequality)

**Key Performance Indicators**

- All global publicly-traded companies are covered by MSCI ESG Business Involvement screening research<sup>17</sup>
- 8,600 listed and unlisted companies are covered by MSCI SDG Alignment tool<sup>18</sup>

**For more information, please refer to the following links:**

- ▶ [Corporate Responsibility: Social Responsibility – MSCI](#)
- ▶ [ESG Investing – Impact Solutions](#)
- ▶ [MSCI SDG Alignment Tool](#)
- ▶ [MSCI ESG business Involvement screening research.](#)

<sup>13</sup> Source: [www.msci.com](http://www.msci.com)

<sup>14</sup> As of December 2020. Source: [MSCI's Corporate Responsibility site / Diversity, Equity and Inclusion](#)

<sup>15</sup> Two or more races; Native American or Hawaiian; Pacific Islander

<sup>16</sup> N/A Includes those put "decline to disclose" as well as missing data (5 people)

<sup>17</sup> Source: [MSCI's Business Involvement Methodology Overview](#)

<sup>18</sup> As of July 22, 2020. Source: [MSCI SDG Alignment Tool's Factsheet](#)



## SDG 13 – Climate Action

### Policy and Commitment

MSCI has pledged to achieve net-zero throughout its operations by 2040 at the latest. We aim to develop, adopt, and monitor climate strategies to further reduce our environmental footprint, while supporting the investment community to build a net-zero economy.

The following policies and paper support our alignment to SDG 13:

- [Environmental Policy](#): outlines the environmental commitments that guide MSCI's strategic, product and operational business decisions
- [The Role of Capital in the Net-Zero Revolution](#): highlights how capital markets participants must be a powerful and positive force to urgently drive the systemic transformation needed to avert climate catastrophe. This call to action identifies specific steps that companies as well as owners and managers of capital must take to drive the achievement of a net-zero economy by 2050
- [Supplier Code of Conduct](#): sets out MSCI's values and expectations, including our sourcing principles, as well as the labor, human rights, environmental, legal and regulatory compliance principles we expect our suppliers to uphold

<sup>19</sup> Source: [MSCI's CDP Report 2021](#)

<sup>20</sup> As of December 2020. Source: [MSCI's CDP Report 2021](#)

<sup>21</sup> As of December 2020. [MSCI's CDP Report 2021](#)

<sup>22</sup> Source: [www.msci.com](http://www.msci.com)

<sup>23</sup> Source: [Scenario Analysis – MSCI](#)

<sup>24</sup> As of December 2020. Source: MSCI's Finance team.

<sup>25</sup> As of June 2021; out of 59 ETFs in the market [2021 Corporate Responsibility Roadshow ppt](#)

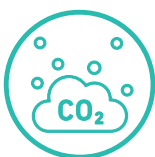
### MSCI's Operations

#### MSCI's Key Actions

- Reduced emissions in our control by increasing the use of renewables in our offices, encouraging greener business travel options, promoting work from home and virtual meetings
- Engaged with our suppliers to align with our net-zero goal
- Educate employees on climate change issues through our employee resources group, the MSCI Climate Action Network
- Regularly reported on progress in relation to Task Force on Climate-related Financial Disclosures (TCFD) and CDP (formerly Carbon Disclosure Project)

#### Key Performance Indicators

- 53% renewable electricity<sup>20</sup>
- 91% of staff currently occupied space certified as LEED/Green certified offices<sup>21</sup>
- 22 Climate Action Networks<sup>22</sup>



38,860 tons of carbon emissions in 2020 down by 12% compared to 2019<sup>19</sup>

### MSCI's Products and Services

#### MSCI's Key Actions

- Joined the Net Zero Financial Service Providers Alliance (NZFSPA) as a founding member: NZFSPA is a global group of Service Providers committed to supporting the goal of global net zero greenhouse gas emissions by 2050 or sooner, in line with the ambition to limit the global temperature increase to 1.5°C above pre-industrial levels

- Provided data, tools and indexes to our clients to enable them to build and implement their investment strategies to address environmental and climate-related issues (e.g., MSCI Climate VaR, MSCI Paris Aligned Indexes, MSCI Climate Lab Enterprise)
- Developed new methodologies and enhanced existing ones to reflect the latest science and to ensure we provided innovative solutions for our clients. In 2021, we launched the MSCI Net-Zero Tracker, an objective gauge to measure the progress of corporates to reach a net-zero world. We also developed the Implied Temperature Rise to estimate how companies and investment portfolios aligned with international goals to limit global warming
- Conducted research on companies' climate performance to educate investors on climate risks and opportunities
- Engaged with a broad range of stakeholders including issuers, investors, policy makers and civil society to accelerate the net-zero transition

#### Key Performance Indicators

- MSCI ESG Research's climate change risk and opportunity calculations<sup>23</sup> covered more than 10,000 companies
- USD 43 billion in institutional, retail and exchange-traded fund assets were benchmarked to MSCI Climate Indexes<sup>24</sup>
- 27 Climate ETFs tracked MSCI indexes<sup>25</sup>

#### For more information, please refer to the following links:

- ▶ [Corporate Responsibility: Operate Sustainably](#)
- ▶ [ESG Investing: Climate Solutions](#)
- ▶ [Environmental Policy](#)
- ▶ [The Role of Capital in the Net-Zero Revolution](#)



## 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.

To learn more, please visit [www.msci.com](http://www.msci.com).

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