

Implied Temperature Rise

Investors are sharpening their focus on the financial impacts of climate change.

They want to know if their investments align with the goal of keeping global warming this century to well below 2 degrees Celsius or if they are contributing to warming that would lead to a climate disaster.

Implied Temperature Rise from MSCI ESG Research is an intuitive, forward-looking measure assessment designed to show the alignment of companies and portfolios with global temperature targets.

It converts the current and projected greenhouse gas emissions of nearly 10,000 publicly listed companies¹ to an estimated rise in global temperature based on their share of the carbon budget that remains if we want to keep warming this century to well below 2°C.

Because Implied Temperature Rise is expressed in degrees Celsius, it helps investors quickly determine whether their portfolios are on a path to net-zero: Would their investments align with a 1.5 or a 2-degree trajectory, or are they trending toward an even warmer world?

With its convenient measure for tracking the emissions trajectory of their portfolios, investors can use Implied Temperature Rise to set decarbonization targets and strengthen engagement on climate risk.

Implied Temperature Rise is part of a series of analytical tools from MSCI designed to help investors navigate the transition to a net-zero at every turn.

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