**Steps to Net-Zero**

**Considerations for companies and investors**

1. **Define strategy**
   - Assess climate risks
   - Set interim goals
   - Define strategy
   - Measure and report progress

2. **Set target**
   - Net-zero solutions
   - Neutral solutions
   - Low-carbon transition categories

3. **Implement**
   - Action consistent with its interim targets
   - With urgency building, companies, investors, and other capital-market participants can drive this change.

4. **Track and report progress**
   - Measure and report progress
   - Adjust actions
   - Disclose results

---

**A net-zero revolution**

The climate crisis is the defining issue of our time. It is not just an environmental issue, but a moral imperative and an opportunity to set a course for a better future. The Paris Agreement sets a global target to keep the increase in global average temperature well below 2°C and pursue efforts to limit the temperature increase to 1.5°C.

The transition to a net-zero economy is not only essential to limiting global warming, but it is also an opportunity for innovation, growth, and financial stability. The global transition to net-zero emissions by 2050 is not only achievable, but it is necessary to ensure a sustainable future for our planet.

In response, it begins to intensify pressure on portfolio companies to set and report on net-zero targets. For example, XYZ asset manager has significantly reduced its portfolio’s exposures to carbon-intensive products and services, while companies with operational transition risk assess and disclose the potential for asset stranding.

Source: MSCI: Aligning Portfolios with the Paris Agreement (Oct. 2020)

Note: Hypothetical data for illustration only.