A forward-looking measure for constructing climate-aligned portfolios

How much are companies in your portfolio contributing to a warming climate?

Implied Temperature Rise from MSCI shows the alignment of companies and portfolios with net-zero pathways.

**How It Works**

1. **Allocate a carbon budget**
   - This is the amount of emissions for scope 1, 2 and 3 which a company can emit and still remain within the limitations required to meet a 2°C warming scenario.

2. **Project a company's future emissions**
   - Based on their current emissions and our analysis of their stated reduction targets.

3. **Compare 1 & 2 to measure under/overshoot**
   - A company whose projected emissions are below budget can be said to “undershoot,” while those whose projected emissions exceed the budget “overshoot.”

4. **Convert the under/overshoot to an implied global temperature rise, expressed in degrees Celsius**
   - How much would the world temperature increase if the whole economy had the same carbon under/overshoot as the company in question.

**Absolute emissions** Megatons of carbon dioxide equivalent

Investors can use Implied Temperature Rise to build climate-aligned portfolios, set decarbonization targets, strengthen engagement on climate risk, and TCFD reporting.

For illustrative purposes only. There can be no assurance of any investment or ESG outcome.