

# MSCI ESG LEADERS INDEXES

A SIMPLE AND TRANSPARENT ESG INDEX DESIGNED FOR INSTITUTIONAL INVESTORS SEEKING THE HIGHEST ESG RATED COMPANIES

The MSCI ESG Leaders Indexes target companies that have the highest environmental, social and governance (ESG) rating in each sector of the parent index. MSCI provides investors globally with ESG indexes designed to facilitate clients' integration of ESG considerations into their investment process.

The indexes use a best-in-class approach by only selecting companies that have the highest MSCI ESG Ratings. They are free float-adjusted market capitalization weighted indexes designed to represent the performance of companies that have favorable ESG profiles compared to industry peers. Overall the indexes target a 50% sector representation vs. the parent index.

The indexes are designed for institutional investors seeking exposure to companies with a strong sustainability profile and relatively low tracking error to the underlying equity market. The indexes aim to help investors seeking to:

- Mitigate short- and long-term ESG risk
- Meet their fiduciary obligations
- Mitigate reputational risk
- Maintain broad market exposure
- Have sector diversification
- Avoid taking active country or sector bets

**MSCI ESG Ratings:** A rating system designed to identify ESG risks or opportunities that may not be captured through conventional analyses.

**MSCI ESG Controversies:** An evaluation framework designed to provide assessment of controversies concerning the negative ESG impact of company operations, products and services.



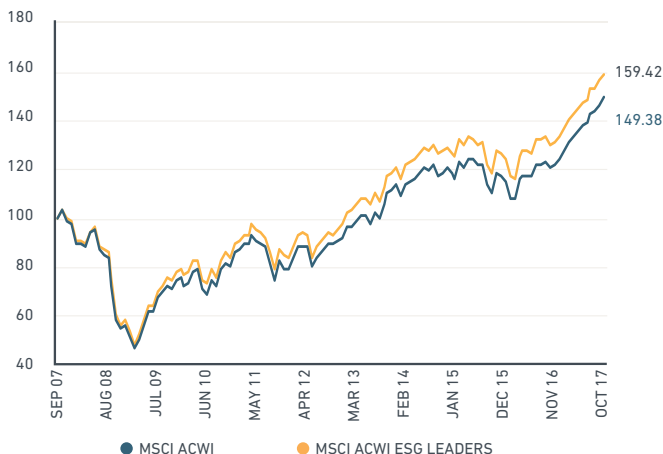
## KEY FEATURES

- Leverages MSCI's award winning MSCI ESG Research and ESG Ratings to identify companies that have demonstrated an ability to manage their ESG risks and opportunities
- Best-in-class approach – the indexes select the highest rated companies in each sector
- Designed to exclude companies involved in severe controversies
- Based on industry leading MSCI benchmarks and are designed to enable seamless integration
- Parent index construction rules designed to achieve replicability

## THE INDEXES CAN BE USED AS FOLLOWS:

- As part of the portfolio creation process:  
Consistent market representation designed to represent a broad spectrum of the global equity opportunity set without home bias
- Performance benchmarks for ESG funds for global mandates, with regional, country, sector and other subsets available for more targeted investment mandates
- May be licensed for use as the basis for structured products and other index-linked investment vehicles, such as exchange-traded funds (ETFs) and exchange-traded notes (ETNs)
- A source of research to aid ESG investment strategies
- To define a universe of securities that have a strong ESG profile

## CUMULATIVE INDEX PERFORMANCE — USD NET RETURNS (NOVEMBER 2009 - OCTOBER 2017)



	MSCI ACWI ESG LEADERS INDEX	MSCI ACWI INDEX
Tracking error <sup>1</sup>	1.20%	0.00%
Number of constituents <sup>1</sup>	1,235	2,490
ESG score <sup>2</sup>	6.6	5.5

<sup>1</sup> MSCI Research, as of Oct 31, 2017

<sup>2</sup> MSCI Research, as of Sept 29, 2017

For more details please refer to the methodology:

[https://www.msci.com/eqb/methodology/meth\\_docs/MSCI\\_ESG\\_Leaders\\_Indexes\\_Methodology\\_June\\_2017.pdf](https://www.msci.com/eqb/methodology/meth_docs/MSCI_ESG_Leaders_Indexes_Methodology_June_2017.pdf)

## ABOUT MSCI

For more than 40 years, MSCI's research-based indexes and analytics have helped the world's leading investors build and manage better portfolios. Clients rely on our offerings for deeper insights into the drivers of performance and risk in their portfolios, broad asset class coverage and innovative research. Our line of products and services includes indexes, analytical models, data, real estate benchmarks and ESG research. MSCI serves 97 of the top 100 largest money managers, according to the most recent P&I ranking. For more information, visit us at [www.msci.com](http://www.msci.com).

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