MSCI

MSCI
Task Force on Climate-related Financial Disclosures (TCFD)

2024 report covering the 2023 fiscal year

Contents

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About this Report

About this Report

MSCI's 2024 Task Force on Climate-related Financial Disclosures (TCFD) report ("this report") contains information about MSCI and activities for the fiscal year ended Dec. 31, 2023.

TCFD recommendations

The TCFD was created to improve and increase reporting of climate-related information to support investors in assessing climate change-related risks. The TCFD recommendations focus on four areas fundamental to how companies operate: governance, strategy, risk management, and metrics and targets, and 11 recommendations to support effective disclosure under each pillar, supported by supplemental guidance for sectors. In January 2021, we submitted a Statement of Support to formally declare our support for the TCFD and its recommendations to drive transparency in the financial markets. Visit the TCFD for more information.

Perspective included in this Report

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.

MSCI has approached climate-related risks and opportunities from two main perspectives, which are reflected across this report:

1) As a provider of climate tools, solutions and research-based insights to help investors, companies and intermediaries incorporate material climate considerations as part of financial decision-making; and
2) As a global company with 5,794 employees and operations in 25 countries (as of Dec. 31, 2023) and whose operations are affected by climate-related risks and opportunities.

Reporting standard used in this report

This report aligned to the TCFD (2017) standard. Our next climate-disclosure will start to be informed by the IFRS Foundation International Sustainability Standards Board (ISSB) Sustainability Disclosure Standard S2 *Climate-related Disclosures* (2023), which builds upon the TCFD recommendations.

MSCI and corporate responsibility

This report focuses on MSCI's disclosures on climate-related risks and opportunities. To learn more about MSCI's approach to corporate responsibility and other sustainability-related disclosures, including our latest CDP submission, visit MSCI Corporate Responsibility. Our archive of TCFD reports can be found at MSCI Sustainability Reports and Policies.

Additional information about this report

This report and reports that are referenced in this report contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, but not limited to, statements relating to our business plans, objectives or expected operating results and statements regarding corporate responsibility-related plans and goals. These forward-looking statements relate to future events or to future performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these statements. In some cases, you can identify forward-looking statements by the use of words such as "may," "could," "expect," "intend," "plan," "seek," "anticipate," "believe," "estimate," "predict," "potential" or "continue," or the negative of these terms or other comparable terminology. You should not place undue reliance on forward-looking statements, because they involve known and unknown risks, uncertainties and other factors that are, in some cases, beyond MSCI's control and that could materially affect actual results, levels of activity, performance or achievements.

Other factors that could materially affect actual results, levels of activity, performance or achievements can be found in MSCI's Annual Report on Form 10-K for the fiscal year ended Dec. 31, 2024, filed with the Securities and Exchange Commission (SEC) on Feb. 7, 2025 and in quarterly reports on Form 10-Q and current reports on Form 8-K filed or furnished with the SEC.

Our latest Form-10K, Form 10-Q, and Form 8-K disclosure covering future reporting periods will be available on our Investor Relations website.

If any of these risks or uncertainties materialize, or if MSCI's underlying assumptions prove to be incorrect, actual results may vary significantly from what MSCI projected. Any forward-looking statement in this report reflects MSCI's current views with respect to future events and is subject to these and other risks, uncertainties and assumptions relating to MSCI's operations, results of operations, growth strategy and liquidity. MSCI assumes no obligation to publicly update or revise these forward-looking statements for any reason, whether as a result of new information, future events, or otherwise, except as required by law.

Moreover, many of the forward-looking statements included in this report are based on assumptions, standards, metrics, measurements, methodologies, data and frameworks believed to be reasonable at the time of preparation, but which are subject to change. Such assumptions, standards, metrics, methodologies and frameworks for measurement, reporting and analysis of climate change continue to evolve and vary across jurisdictions. This report also contains statements based on hypothetical scenarios and assumptions, which may not occur or may differ significantly from actual events, and these related statements should not necessarily be viewed as being representative of current or actual risk or forecasts of expected risk.

The inclusion of information in this report regarding climate opportunities and risks should not be construed as a characterization regarding the materiality or financial impact of that information with respect to MSCI. Materiality for the purposes of our corporate responsibility reporting and climate reporting does not directly correspond to the concept of materiality used in securities law or for the purposes of our financial reporting.

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02
Executive Summary

Executive Summary

This report, which adopts the recommendations of the TCFD, details how MSCI takes climate considerations into account in managing our own company. It aims to provide visibility into our support for sustainability and how we are working to address material climate-related risks and opportunities.

As a public company that has called upon capital-markets participants to help drive the transition to an economy that removes as much GHG from the atmosphere as it puts in, and that provides solutions designed to help investors make material climate part of their strategies, we strive to be transparent in how we seek to reduce our own carbon footprint.

What we are doing as a company

We continue taking steps to further integrate consideration of climate-related risks and opportunities into our business. In May 2022, we reaffirmed our commitment to reach net-zero emissions across the value chain by 2040 and enhanced our science-based near-term, long-term and net-zero emissions-reduction targets, all of which were validated by the Science Based Targets initiative (SBTi) and are reflected in this report[1] (see Figure 2).

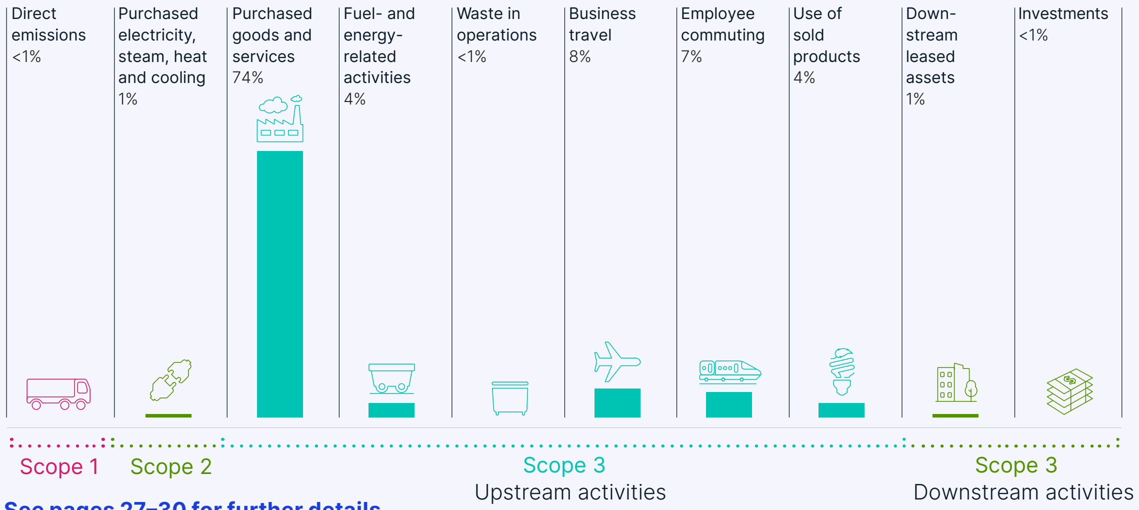
In 2023 MSCI accelerated initiatives to reduce our overall environmental impact. We have continued to increase renewable energy use at our offices and decrease our commuting footprint by moving to hybrid work and implementing policies to promote the use of rail and other environmentally friendly alternatives for business travel.

We further developed our supplier resilience program and continued our engagement with suppliers on their climate journey as the majority of MSCI's GHG emissions in 2023 came indirectly from our supply chain and are reflected in our Scope 3 emissions (see Figure 1). Our efforts to drive down emissions are underpinned by our development of a supplier resilience program to better integrate climate considerations into our supplier selection and prioritize our spend with suppliers aligned with our climate-related goals.

MSCI remains committed to transparency and continual improvement. We received a score of A- in 2023 on our fifth annual CDP disclosure. We have also sought limited assurance of 2023 emissions data, which can be found here.

In November 2022, we released our first Climate Transition Plan, aligned with the TCFD and CDP frameworks, incorporating our SBTi-validated targets, available here. In 2023, we adopted an internal carbon pricing (ICP) policy. It outlines our plan to advance our strategy, products and operations toward an ambitious net-zero pathway. This includes an ICP set at $100 per ton of CO_2e on business travel via air and rail to raise awareness of our efforts to achieve emissions reductions and incentivize lower carbon business travel.

Figure 1: MSCI 2023 Scope 1, 2 and 3 emissions by source



See pages 27–30 for further details.

Figure 2: MSCI targets validated by SBTi in 2022

Near-term
Committed to reducing absolute Scope 1 and 2 CO_2e emissions by 80% and absolute Scope 3 CO_2e emissions by 50%, in each case by 2030 and from a 2019 base year.[2]

Long-term
Committed to reducing absolute Scope 1, 2 and 3 CO_2e emissions by 90% by 2040 from a 2019 base year.

Net-zero
Committed to reaching net-zero CO_2e emissions across the value chain by 2040 from a 2019 base year.

1 Note that our Scope 3 target does not include facilitated emissions, i.e., the emissions of the companies that our clients may hold in their portfolios, as the industry guidance for calculating these emissions has yet to be developed. We will monitor developments and intend to review our approach as progress is made in this field.
2 CO_2e—Carbon dioxide equivalent.

Executive Summary continued

Tools for climate action

MSCI offers an evolving array of tools, solutions and research-based insights to help investors, companies and intermediaries incorporate material climate considerations as part of financial decision-making.

These products include:[1]

MSCI Sustainability and Climate Indexes, which enable capital markets to integrate sustainability and climate criteria to facilitate sustainable investing strategies. Our Climate Indexes include Climate Change, Low Carbon Target and Environment Indexes, as well as our Climate Paris Aligned Equity, Corporate Bond and High Yield Fixed Income Indexes.

Climate Lab Enterprise, which combines an extensive set of climate data and analytics with powerful forecasting tools to help investors measure, manage and monitor emissions reduction commitments and climate exposure and risks across multiple portfolios and asset classes.

MSCI Carbon Markets, which provides investor-grade data and analytics to a wide range of clients across the carbon-market ecosystem. This includes companies, banks, investors, project developers, brokers, consultants and governments.

Following the acquisition of Trove Research in 2023, MSCI Carbon Markets leverages over two decades of experience in carbon-market analysis, combining proprietary data collection with advanced data science, geospatial and techno-economic modeling to create unique and actionable insights.

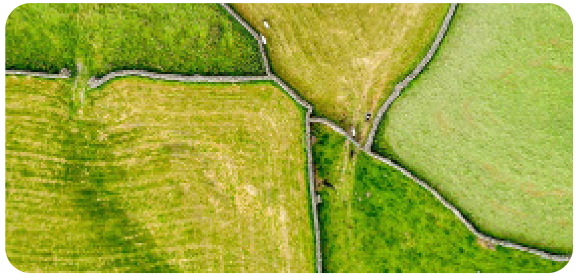
Total Portfolio Footprinting, which draws on the depth of MSCI's climate data to provide an extensive view of financed emissions across asset classes.

Data sets such as Climate Targets and Commitments and Carbon Footprinting of Private Equity and Debt Funds, designed to help investors evaluate companies' pledges to reduce carbon emissions, and measure and monitor GHG emissions within private asset portfolios, respectively.

Implied Temperature Rise, a forward-looking metric designed to show the temperature alignment of companies, portfolios and funds with global climate targets. We make our Implied Temperature Rise and corporate climate-target scorecards publicly available for more than 2,900 listed companies. We also expanded the public availability of data to include MSCI indexes and thousands of funds.

Real Estate Climate Solutions, which help investors build more sustainable portfolios by integrating climate, performance and risk analytics.

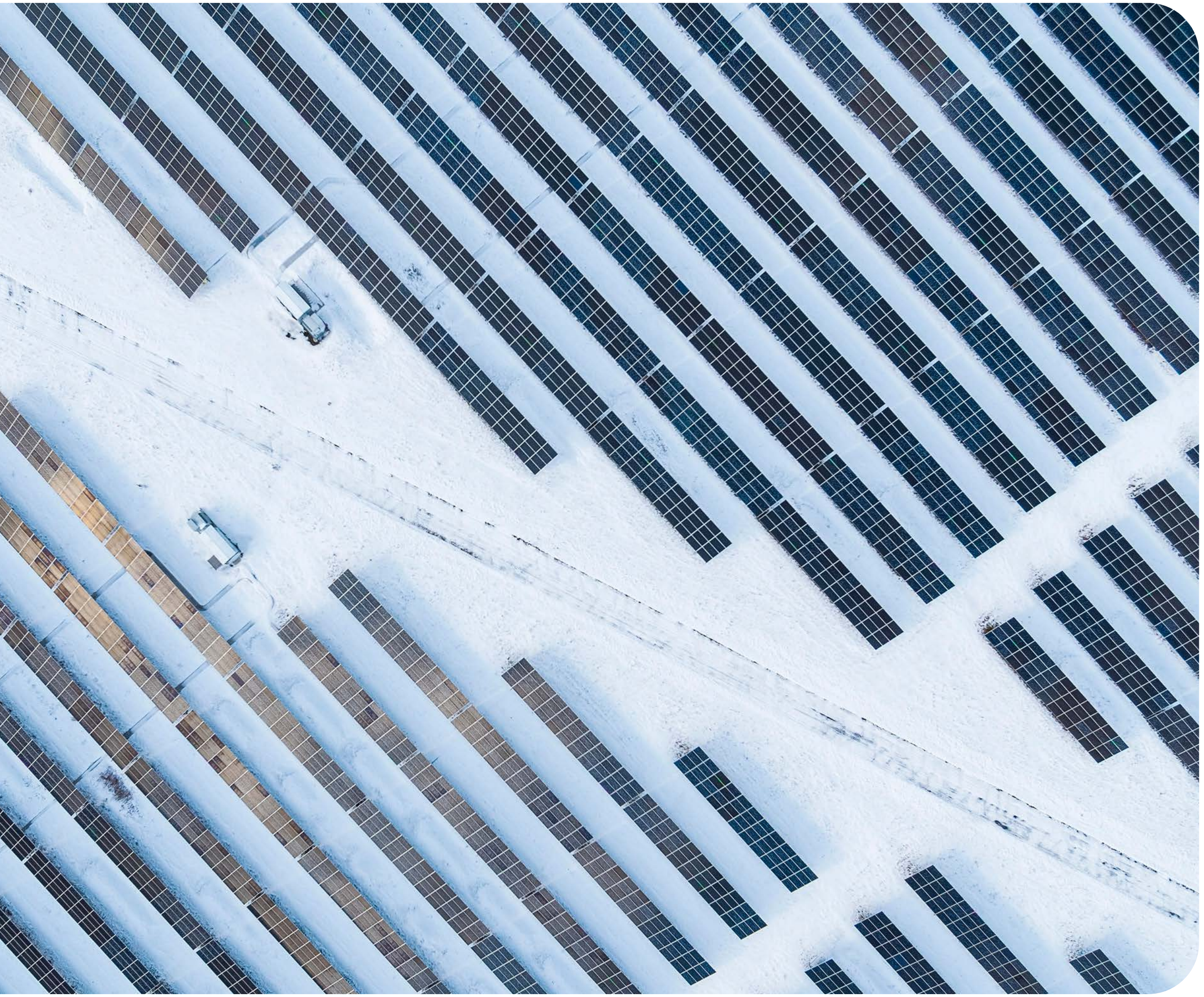
Analytical tools, including Climate Value-at-Risk (Climate VaR), which provides a forward-looking, return-based valuation assessment of how the physical and transition risks and opportunities related to climate change could affect company and portfolio valuations.



In 2023, we launched MSCI Corporate Sustainability Insights, a solution that gives clients the ability to track, measure and compare their sustainability and climate data versus peers, while also identifying potential disclosure gaps, through intuitive charts, graphs and maps.

1 MSCI ESG and climate ratings, research and data are produced by MSCI ESG Research LLC, a subsidiary of MSCI Inc. MSCI ESG and Climate Indexes, Analytics, Real Assets, and Private Capital Solutions are products of MSCI Inc. that utilize information from MSCI ESG Research LLC. MSCI Indexes are administered by MSCI Limited and MSCI Deutschland GmbH.

Leading practice



At MSCI, corporate responsibility is the foundation of everything we do. We aspire to demonstrate leading standards in how we manage our company and support our clients. With that in mind, MSCI has embedded responsible and sustainable practices throughout our operations, and we have seen how they can strengthen our performance. From casting a wide net to ensure we attract the best talent from around the world to sound governance and our drive for emissions reduction, these policies can help us build a more innovative, competitive, and resilient business.

Henry Fernandez
Chairman and CEO

Capital markets participants are essential to reducing financial risks and driving the whole-economy transition. Our own net-zero pledge aligns with the Paris Agreement goal of limiting global temperature rise to 1.5°C. We hope it inspires ambitious commitments from all participants in capital markets. Together we can help drive meaningful progress.

Tia Counts
Chief Responsibility Officer

03
TCFD Table

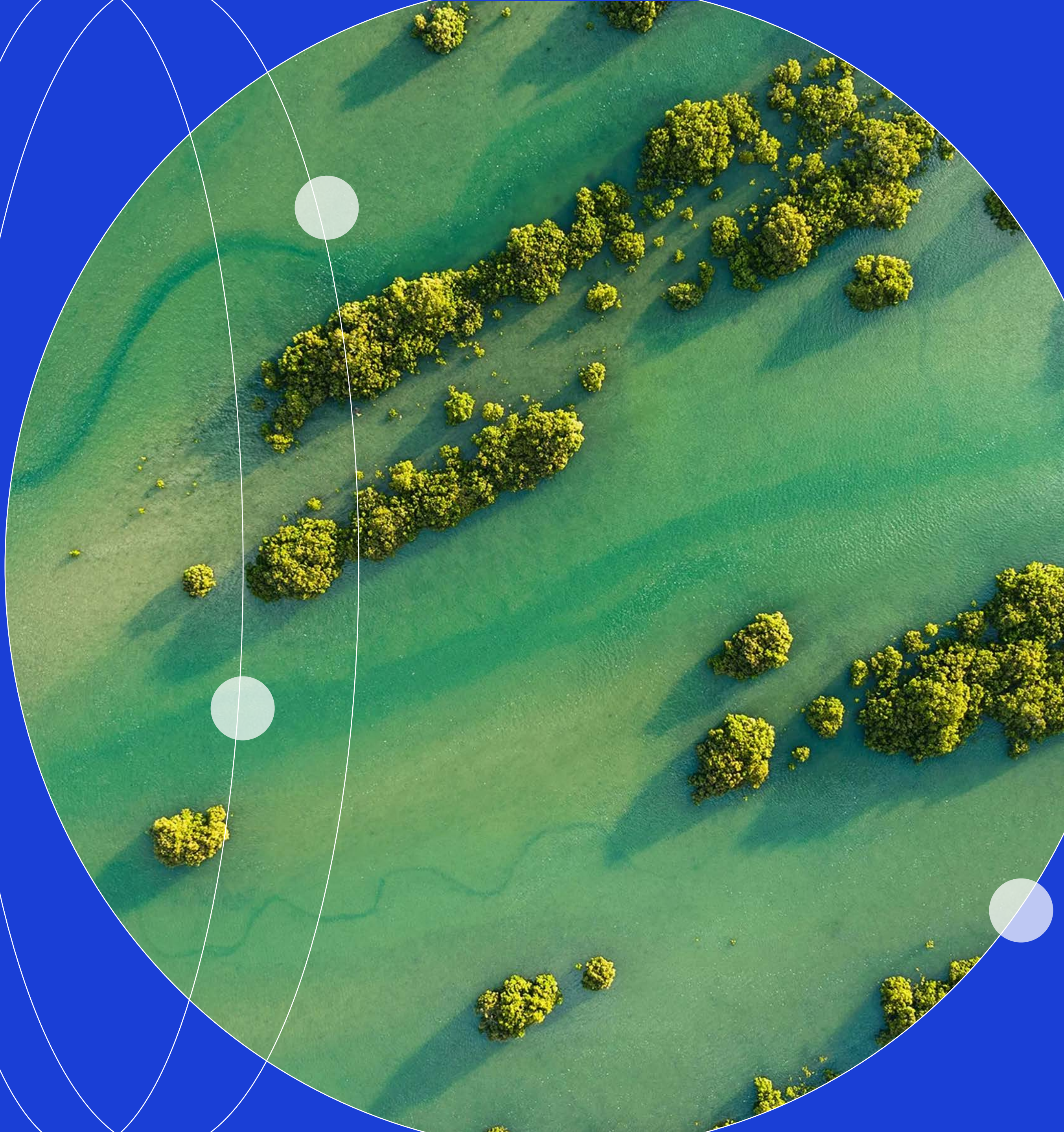
TCFD Table

Our TCFD Table is aligned with TCFD disclosure recommendations, which focus on four areas core to how companies operate: (i) governance; (ii) strategy; (iii) risk management; and (iv) metrics and targets. The TCFD also provides 11 recommendations to support effective disclosure under each pillar, all of which are supported by supplemental guidance.

Core elements	Recommendations	
Governance pp. 10–11	a) Describe the board's oversight of climate-related risks and opportunities.	pp. 10–11, 32–34
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	pp. 10–11, 32–34
Strategy pp. 12–24	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	pp. 12–20
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	pp. 21–24, 37–40
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	pp. 37–40
Risk Management pp. 25–26	a) Describe the organization's processes for identifying and assessing climate-related risks.	pp. 25–26
	b) Describe the organization's processes for managing climate-related risks.	pp. 25–26
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	pp. 25–26
Metrics and Targets pp. 27–30	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	pp. 27–29
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks.	pp. 27–29
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	p. 29

MSCI's governance
around climate-related
risks and opportunities

04
Governance



Governance

Overview of board and management oversight

We are committed to maintaining governance structures that underscore the importance of sustainability, ensure effective oversight and promote transparency.

Our management team has day-to-day responsibility for identifying, assessing and managing sustainability and climate-related risks and opportunities. The MSCI Inc Board of Directors (the "MSCI Board") has responsibility for overseeing risk management governance, with a focus on the Company's most significant risks.

Board oversight

The MSCI Board allocates responsibilities across its committees to ensure appropriate oversight of sustainability and climate-related risks and opportunities. While the MSCI Board has delegated primary oversight of MSCI's corporate responsibility policies and initiatives to its Governance and Corporate Responsibility Committee, each of its committees considers corporate responsibility matters, including those related to climate, as relevant to their respective scopes of responsibility.

Management oversight

Several members of our senior leadership team, which includes our most senior executives, lead, contribute to the development of, and oversee our overall strategy and approach, to managing climate-related risks and opportunities.

Our Chief Financial Officer (CFO) chairs the Enterprise Risk Oversight Committee ('EROC') and works with our Enterprise Risk Management Officer ('ERMO'), to oversee our enterprise risk management program to ensure we are identifying, evaluating and managing risks that may impact our ability to reach operational and strategic goals, including periodic assessment of physical and transition climate-related risks.

At MSCI our Chief Responsibility Officer (CRO) has the mandate for the role often referred to as 'Chief Sustainability Officer'. Our CRO sets the agenda for our Corporate Responsibility Advisory Council and is a member of our Corporate Responsibility Committee. The CRO engages daily on all critical sustainability issues and has the ability to take a view across the organization and apply a unified approach to ensure the firm continues to proactively manage our climate risks and opportunities, including monitoring the firm's carbon emissions strategy and supporting the development and evaluation of the climate goals of our Management Committee for the FY2023 period.

Figure 3:
Key committees in MSCI's climate governance

See Appendix 1: Additional governance information for detailed roles and responsibilities.

Figure 4: Board oversight

Board of Directors	Receives periodic reports on sustainability and climate-related risks and opportunities, including where applicable those related to physical and transition risks and MSCI's products and offerings where relevant. Oversight responsibilities for sustainability and climate-related matters are distributed across the board's four standing committees, based on their respective mandates.
Governance and Corporate Responsibility Committee	Maintains primary responsibility for oversight of sustainability and climate policies and initiatives, including environmental stewardship, and periodically reviews with management shareholder engagement practices and shareholder feedback related to climate practices.
Audit and Risk Committee	Receives updates on our risk governance framework, risk management practices and emerging key risks, including climate-related risks such as the impact of natural disaster related business disruptions, as applicable.
Strategy and Finance Committee	Ensures material climate-related risks and opportunities are integrated into our strategy. Advises on key partnership and acquisition opportunities that enhance our climate-related products and services or support other strategic initiatives.
Compensation, Talent and Culture Committee	Promotes accountability in its annual assessment of our senior-most executives' performance, including performance against sustainability and climate-related goals for the 2023 period. Oversees talent management, including talent acquisition and succession planning relating to our sustainability and climate product line leaders.

Actual and potential impacts of climate-related risks and opportunities on MSCI's businesses, strategy and financial planning, where such information is material

05 Strategy

MSCI's climate-related risks and opportunities

We define our climate strategy in connection with our firmwide medium- and long-term strategy setting process. Through this process, our annual operating plan, which formalizes our plans for the coming year, and our ongoing risk management processes, we identify climate-related risks and opportunities concerning our operations, products and services. Our operations include our products and business operations, our supply chain, our investment in research and development, and our long-term planning process. Our products and services include the climate-related products and services we develop and offer for the investment industry.

We have used the TCFD framework to categorize our climate-related risks and opportunities, including those related to technology, market, reputation, acute and chronic physical risks. We use both quantitative and qualitative measures to assess the potential for substantive strategic or financial impacts from climate change, consistent with how we evaluate the impact of other non-climate change risks to our firm. We consider climate-related risks and opportunities in terms of the time horizon of such an impact — specifically, across the short (less than one year), medium (one to three years) and long term (more than three years). These time horizons align with our business, strategy and financial planning.

Climate risks

Our processes for identifying and assessing climate-related risks are multi-pronged and seek to continuously capture insights on those risks we may face in coming years.

We also regularly engage our stakeholders and conduct benchmarking analyses to identify the most relevant risks for our business and industry. This engagement includes an annual series of meetings with our shareholders that focuses on corporate responsibility topics to help us better understand their areas of interest, including climate-related risks.

Our scenario analysis using MSCI's VaR tool

We use MSCI ESG Research's Climate VaR model to conduct a detailed scenario analysis that allows us to quantitatively analyze both transition and physical climate-related risks we may face in coming years (see Figure 9 in Appendix 5, MSCI Climate VaR).

The Climate VaR model is designed to provide a forward-looking and return-based assessment to measure climate-related risks and opportunities in an investment portfolio. For example, extreme weather could damage assets at a company facility, while new climate change regulation could require technological change. Both scenarios could impact a company's operations and financial results.

The approach follows TCFD recommendations by assessing both transition and physical risks and opportunities. Climate VaR provides insight into the climate-stressed valuation of assets based on specific scenarios such as those established by the Paris Agreement, which aims to limit the rise in average temperatures to well below 2°C, preferably to no more than 1.5°C, above preindustrial levels.

In line with the TCFD recommendation, we update our scenario analysis periodically to reflect evolving climate science, policy developments, and business strategies. Our last Climate VaR assessment was performed in 2022 based on 2021 data and our intention is to perform a new Climate VaR within the next year to include businesses we acquired in 2023 and 2024.

Click here to see Appendix 4 for further detail on the MSCI Climate VaR model or visit MSCI Scenario Analysis

What is Climate VaR?
Watch our short video to learn more about the Climate VaR metric and its applications

Figure 5: MSCI Climate VaR

Impact modeling
Aims to measure modeling of policy risks across the value chain, cleantech opportunities and physical climate risks, across different scenarios.

Cost/green profit calculation
Calculate scenario-specific time series of costs/profits associated with:
— Reaching emissions-reduction targets (policy risk);
— Benefits from developing low-carbon technologies (technology opportunity); and
— Financial consequences of changes in acute and chronic physical events (physical risks/opportunities).

Impact on security valuation
Translate climate-related costs into valuation impacts to provide a stressed market valuation of a security in relation to aggregated transition and physical cost and profit projections until the end of the century.

Portfolio level
Aggregation at portfolio level available across different scenarios.

MSCI's climate risks

Risk category
Low Medium High

Approach to climate risks

We have used the TCFD framework on page 9 to categorize our climate-related risks, including transitional risks (policy and legal, technology, market, and reputation risks) and physical risks (coastal flooding/tropical cyclones, extreme heat and others). We have categorized the potential impact of each risk as low (green), medium (orange) or high (red) and included details of MSCI's mitigation strategy for each risk. For further information on risk categories, see the TCFD's final report or our latest CDP report.

Risk type	Examples of risks	Mitigation strategy
Transitional risk: policy and legal	Enhanced emissions-reporting obligations	MSCI is currently not subject to extensive climate-related regulations covering its physical operations. We do, however, strive to comply with all relevant environmental regulations applicable to our operations. MSCI considers emerging regulation as part of our organization's climate-related risk assessments. We track proposed regulation that may have an impact on the company or its disclosures. We believe our policy and legal risk relating to emissions reporting is overall low as a company that provides data, tools and analysis to the investment community. We monitor existing and emerging emissions-reporting regulations to ensure we are able to meet emissions-reporting obligations. As part of our commitment to transparency, we provide details on climate-related risks and opportunities to shareholders using standards such as those established by the TCFD as well as responding annually to the CDP questionnaire. MSCI's Corporate Services team is responsible for ensuring compliance with environmental regulations. The team manages landlord relationships and contracts for our office leases to identify and manage local environmental regulations. We strive to secure from our landlords their direct obligation to comply with laws and regulations, including those related to climate-related emissions.
	Mandates on and regulation of existing products and services	The Government and Regulatory Affairs team monitors regulatory developments that may affect our products and services, alerting internal groups to relevant changes. We regularly submit public comments to regulators on proposed regulation and track regulatory developments, equipping us with insights we use to improve our products and meet clients' evolving needs. MSCI product groups such as ESG Research and Index also track and manage compliance with current product-related regulations.
	Exposure to litigation	Our Legal department evaluate risks relating to litigation, including the risk of climate-related litigation. Due to the nature of our business, and the products and services we offer, we do not consider climate-related litigation risk to be material at this time. We structure our client contracts to limit our exposure to liability and adopt robust business continuity processes related to our operations.
	Increased pricing of GHG emissions	To mitigate risks regarding GHG emissions pricing, we have committed to reach net-zero emissions before 2040, set near-term carbon-reduction targets, and are taking steps to reduce our carbon footprint and increase our use of renewables.

MSCI's climate risks continued

Risk category: Low, Medium, High

Risk type	Examples of risks	Mitigation strategy
Transitional risk: technology	Unsuccessful investment in new technologies (Low)	We believe our technology risk relating to climate transition risk is low. Our IT team is responsible for monitoring the adoption of new technologies. All of MSCI's data centers are powered by renewables and/or employ leading energy consumption and heat management techniques. MSCI also partners with Microsoft Azure and Google as strategic cloud service providers. Microsoft Azure and Google which provide MSCI geographically diverse data center locations, which allow us to mitigate the potential impact of a climate event to any specific site.
	Costs to transition to lower-emissions technology (Low)	We purchase energy-efficient products for our offices and rely heavily on sustainable products, including recycled and low-environmental impact materials. We believe switching to more sustainable equipment will boost efficiency, resulting in lower costs over time. This practice has already contributed to reduced emissions, and we believe the continued use of lower-impact equipment and materials will further reduce our emissions and associated risks.
Transitional risk: market	Changing customer behavior (High)	Investors' growing focus on climate change has led to a strategic focus on climate risk in our product development. We offer climate solutions across our product lines and asset classes, supporting a growing number of client types and use cases. We anticipate continuing to expand and enhance our climate and sustainability-related products and services. We proactively educate investors on climate risks and opportunities, providing them with a full suite of tools and research to help better manage climate considerations in their investment strategies.
	Uncertainty in market signals (High)	MSCI consults with the global investment community and regularly engages with clients through meetings and events such as client advisory panels and surveys to enhance our climate-related products.
	Increased cost of raw materials (Low)	We believe climate-transition risks related to increased costs of raw materials are low for MSCI. We regularly look for ways to reduce the potential impact of supply-chain disruptions, identifying multiple sources of critical services wherever practicable.
Transitional risk: reputation	Shifts in consumer preferences (Medium)	MSCI proactively engages with the investment community through consultations, surveys and events to ensure we are well positioned to meet client demands and minimize our market risk.
	Increased stakeholder concern or negative feedback (Medium)	MSCI could face reputational risk in the event of a perceived misalignment between our operations and our solutions. This could negatively impact our capital costs, long-term value creation, client satisfaction as well as our ability to attract and retain talent. We have set targets, expanded our initiatives and published new reports, all to serve as an industry leader and demonstrate leading corporate responsibility practices. We regularly monitor for potential gaps between our actions and our solutions, and regularly engage with the MSCI ESG Research team to assess additional steps we can consider. Failure to fulfill our commitments and reach our targets could result in reputational harm that damages our credibility.
	Stigmatization of sector (Medium)	We are collaborating with our peers as permitted and appropriate through industry associations. A more detailed list of our memberships can be found on page 17.

MSCI's climate risks continued

Risk category

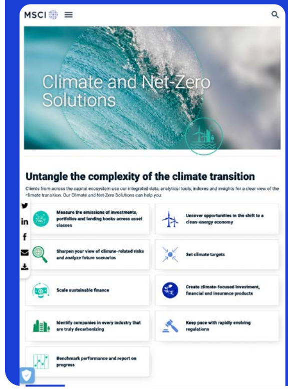
Low Medium High

Risk type	Examples of risks	Mitigation strategy
Physical risk (acute): coastal flooding/tropical cyclones	Increased severity of extreme weather events such as tropical cyclones	We use our proprietary Climate VaR model to assess physical risks. Our last Climate VaR analysis was performed in 2022 based on 2021 data. In 2022, our scenario analysis revealed moderate exposure to tropical cyclones, extreme heat and coastal flooding in certain MSCI locations. Other physical risks, such as fluvial flooding, wildfire and extreme cold, were deemed low. See Appendix 5 for more details on our physical risk exposure. We also use our Climate VaR model and other information to inform our office-location strategy to mitigate the disruption to our business as a result of longer-term global climate changes. When selecting new office space, we account for a property's vulnerability to extreme weather events and natural disasters.
Physical risk (chronic): extreme heat and others	Changes in precipitation patterns and extreme variability in weather patterns Rising mean temperatures Rising sea levels	We believe the nature of MSCI's business as a provider of tools and solutions to the investment industry helps limit many common physical risks of climate change. COVID-19 highlighted MSCI's ability to rapidly transition to remote work, while maintaining the highest level of performance amid disruptions to the global economy. We believe this type of flexibility demonstrates an ability to continue to perform in other situations, including those resulting from climate-related impacts. Most of our office spaces are leased, which also allows flexibility and helps lower exposure to physical risks. As our response to the pandemic showed, MSCI has the flexibility to reduce reliance on any one of our office locations if necessary. We also have availed ourselves of the geographically diverse locations of data centers offered by our cloud computing partners Microsoft Azure and Google. See Appendix 2 for a list of our data center locations. MSCI's IT Disaster Recovery Planning aims to mitigate key risks to IT infrastructure resulting from cyber, climate and extreme weather events, among other types of events. Historically, MSCI has experienced the impact of extreme weather events in some of its office locations, including Mumbai, India (tropical cyclones and monsoons), Norman, Oklahoma (tornadoes) and New York, New York (winter storms). To date, the robust development, testing and refinement of our resiliency plans have helped mitigate the impact of these events. We maintain a dedicated Business Continuity Planning group as well as business continuity planning software to manage plans, testing and communication. MSCI's Business Resilience Strategy considers the extent to which the physical risks of climate change may impact MSCI's operations or financial results. That includes assessing if extreme weather events or natural disasters could potentially impact the capacity of our IT and physical infrastructure or our ability to provide clients with products and services. We use business resilience as a framework for developing plans for business continuity and IT disaster recovery, as well as plans for minimizing business disruption and maintaining operations should a climate-related business or technology disruption occur. MSCI's Crisis Management and Technology Service Operations Management teams are responsible for our company's disaster response and recovery efforts. Among the goals of disaster recovery planning and testing are safeguarding the welfare and safety of MSCI's employees, together with protecting and recovering our data centers, networks, business applications, communications systems and technology in the event of an extreme weather incident or natural disaster. We regularly evaluate the potential for supply-chain disruption, which includes climate-related impacts over both short- and long-term horizons. Wherever possible, we identify multiple sources of critical services to reduce the potential impact of supply-chain disruptions. We also seek opportunities to reduce our reliance on supply chains, with the additional impact of potentially lowering operating costs. We regularly evaluate the adequacy of our insurance to mitigate any longer-term or chronic climate-related risks.

MSCI's climate opportunities

We provide critical tools and solutions that enable investors to understand how climate change could affect their portfolios, identify low-carbon investment opportunities and set emissions reduction targets.

Click here for further detail on MSCI's climate tools, see "Tools for climate action" on page 6 in the Executive Summary of this report or visit MSCI Climate Solutions and MSCI Sustainable Investing



Memberships and engagement

MSCI has engaged in several industry initiatives and collaborative frameworks, including:

1.5°C aligned
MSCI is a Business Ambition for 1.5°C campaign member.

SBTi supporter
MSCI has supported SBTi's Net Zero Standard for Financial Institutions Expert Advisory Group and is a member of SBTi's Technical Advisory Group.

TNFD member
We are a forum member of the Taskforce on Nature-related Financial Disclosures (TNFD) and are considering the TNFD draft recommendations as part of our data collection and model and product development. In January 2024, MSCI became an inaugural early adopter of the TNFD and will be taking steps to further evaluate and integrate relevant nature- and biodiversity-related dependencies and/or impacts into our decision-making.

PRI signatory
MSCI has been a PRI signatory since 2010.

UNEPFI TCFD
We aim to support the UNEP FI's collaborations program with banks, investors and insurers.

Thought leadership

As demand from our clients for sustainability and climate solutions increases, our research, tools and solutions will aim to provide the transparency our clients need to better integrate climate risks and opportunities into their investment processes. We are focused on being an influential thought leader on climate-related considerations for the investment industry. Our site offers additional insights, with recent examples of our published research including:

- The MSCI Transition Finance Tracker, a periodic report on progress by the world's listed companies on curbing climate risk
- Using Carbon Credits to Meet Corporate Climate Targets, a report analyzing the impact of allowing firms to use carbon credits to help meet their science-based emissions targets
- The Climate Transition Is Increasingly About Opportunity, a paper exploring evidence suggesting that companies which seize opportunities associated with emissions reduction can create sustainable value

Case study

MSCI at COP28

MSCI regularly engages with the global investment community on climate and sustainability issues through publications and speaking engagements across multiple channels and high-profile events. In 2023, MSCI participated the Conference of Parties (COP28) in Dubai, United Arab Emirates.

"The United Nations COP28 climate summit ended with a historic agreement signed by nearly 200 countries. Now comes the hard part. Fulfilling the pledges made in Dubai will demand tremendous work from policymakers and industries alike."

Henry Fernandez

MSCI's Chairman and CEO Henry Fernandez, discussing his key takeaways from the COP28 climate conference.

Listen to the MSCI ESG Now Podcast Episode 243 On the Ground at COP28

"Private investors are increasingly finding opportunities in nature conservation or ecological-improvement projects, which are becoming increasingly available through mechanisms like debt-for-nature swaps and carbon credits."

MSCI ESG Research notes in its Sustainability and Climate Trends to Watch for 2024.

MSCI's climate opportunities continued

Impact category
Low Medium High

Approach to climate opportunities

We have used the TCFD framework on page 9 to categorize our climate-related opportunities, including resource efficiency, energy source, market, products and services, and resilience. For each opportunity we have categorized the potential impact as low (green), medium (orange) or high (red) and included details of MSCI's realization strategy for each opportunity. For further information on risk categories, see the TCFD's final report or our latest CDP report.

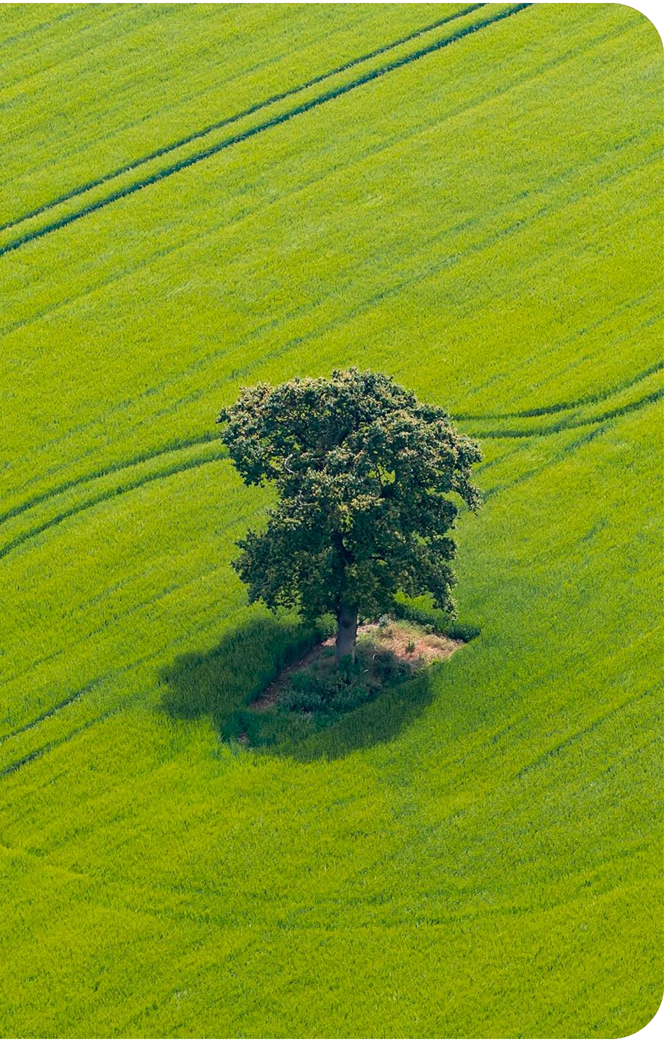
Opportunity type	Examples of opportunities	Realization strategy
Resource efficiency	Use of more efficient buildings and systems	We have explored many opportunities related to resource efficiency. We continually seek to do more, including by selecting office space certified to Leadership in Energy and Environmental Design (LEED) and Building Research Establishment Environmental Assessment Method (BREEAM), with highly efficient design, construction and operations. We continue to implement energy-efficient systems and equipment, and use automated lighting and air controls across our offices.
	Use of recycling	MSCI maximizes recycling, including recycling of e-waste. During our office-selection process, we consider whether potential offices have landlord-driven or local recycling initiatives.
	Use of more efficient modes of transport	Our business travel policies ask employees to prioritize low-carbon travel options by selecting, for example, rail in lieu of air travel or economy instead of business class. We aim to reduce our employees' commuting emissions by promoting teleworking and supporting climate-friendly commuting practices. In 2023, we adopted an internal carbon pricing (ICP) policy on business travel via air and rail to raise awareness of our efforts to achieve emissions reductions and incentivize lower carbon business travel.
Energy source	Use of lower-emission sources of energy	While MSCI has implemented a significant number of energy-efficiency projects, we continue to adopt efficiency measures, and we are increasing our use of renewables as part of our carbon-reduction strategy. We use a comprehensive sustainability checklist to evaluate all potential new office buildings to ensure MSCI offices meet high energy-efficiency standards.
	Use of new technologies — participation in carbon market	In 2023, we purchased Energy Attribute Certificates (EACs) to access renewable electricity across most of our offices. We plan to review our potential use of EACs each year as a means to green the electricity we use and support the greening of local electricity grids.
Market	Access to new markets	In addition to developing new solutions based on our clients' existing needs, we identify new markets or areas of opportunity. This could include expanding to new client segments, countries or asset classes. As sustainability and climate-focused strategies are more widely adopted, we can leverage our extensive expertise to build solutions for new segments such as corporates, bank advisory businesses, insurance providers and others. We also launched new products in asset classes such as fixed income Climate Indexes and private asset class data to expand our presence. As new capital markets participants in countries seek to address climate change, we believe we can reach clients in those markets with our sustainability and climate solutions.

MSCI's climate opportunities continued

Impact category
Low Medium High

Opportunity type	Examples of opportunities	Realization strategy
Products and services	Development of new products or services through R&D and innovation	We believe MSCI sustainability and climate solutions, a key component of our strategy, have great potential to generate business opportunities. MSCI provides a full suite of sustainability and climate solutions across asset classes to institutional investors globally. Our climate solutions, which give clients access to a wide range of tools and data, and are designed to address a variety of needs, include: (1) Climate and emissions reduction solutions, which empower investors to analyze and report on their portfolios' exposures to transition and physical climate risk. (2) Climate Indexes for both equity and fixed income for institutional investors who wish to address climate change. (3) Climate Lab Enterprise, which enables a comprehensive view of climate risk across enterprises, strategies, portfolios and companies, and across transition and physical risk, emissions and scenarios to track progress toward climate goals. (4) Private assets climate solutions, which allow investors to understand and manage their climate impact and risk across their private-asset investments. (5) Real estate climate solutions, which help real estate investors integrate climate, performance and risk analysis to build more sustainable portfolios. With our acquisition of Carbon Delta, we enhanced our climate expertise and expanded our range of solutions to include scenario analysis such as MSCI Climate VaR. MSCI continues to invest in product development around emerging segments and use cases by developing solutions for corporates, banking advisory as well as fixed income investors. In addition, we are focused on expanding our use of newer technologies such as natural language processing and artificial intelligence to solve a growing set of complex problems for our clients. In 2023, we also introduced MSCI Corporate Sustainability Insights, a solution that gives clients the ability to track, measure and compare their sustainability and climate data versus peers, while also identifying potential disclosure gaps, through intuitive charts, graphs and maps. Additionally, we completed the acquisition of Trove Research Ltd, a carbon markets intelligence provider, which will accelerate our ability to provide data and analysis on voluntary carbon markets.
	Shift in consumer preferences	We annually review our forward-looking strategy with the MSCI Board and, through our operating plan process, review, and prioritize investments based on client demand and growth opportunity. We study the markets, compile extensive stakeholder input to stay abreast of market changes, and seek to ensure we are at the forefront of sustainability and climate solutions development.
	Reputational benefits resulting in increased demand for products and services	As a provider of climate-related products, MSCI is part of our clients' supply chain. Combining robust climate targets with clear steps to reduce emissions to net-zero before 2040 illustrates that we also demonstrate the same leading practices as many of the companies we analyze and that we are a strong match for clients, including from a carbon perspective.
Resilience	Participation in renewable energy programs and adoption of energy-efficiency measures	We have taken steps to reduce our energy use, such as by implementing hybrid work policies to enable us to shrink our office footprint. We accessed renewable electricity through market-based measures via the purchase of EACs in 2023.
	Resource substitutes/ diversification	MSCI has established a Supplier Resilience and Engagement Team to integrate climate risk considerations into our supplier selection and prioritize our spend with highly resilient and sustainable suppliers.

Impact of climate transition risks



We manage climate transition risks relating to our operations and our clients' evolving needs.

Operational transition risks

To reduce climate transition risk related to our own operations, MSCI aims to align our strategic and operational decision-making with the long-term goal of achieving net-zero emissions and limiting average temperature rise to 1.5°C above preindustrial levels, and we are encouraging our suppliers to do the same.

Our efforts to lower our carbon emissions are guided by our near- and long-term science-based carbon-reduction targets. In April 2021, MSCI committed to reach net-zero emissions throughout our value chain before 2040. In November 2022, the SBTi verified our near-term target to reduce Scope 1 and 2 emissions by 80% and Scope 3 emissions by 50%, each by 2030 and from a 2019 baseline. Our Scope 3 emissions target includes all relevant Scope 3 categories, such as purchased goods and services, fuel and energy related, waste, business travel, employee commuting and downstream leased assets.

We plan to reduce our GHG emissions to achieve our carbon emissions-reduction targets and mitigate climate transition risk while being transparent about our plans and actions.

Further information can be found on our Environmental Sustainability webpage.

Reducing Scope 1 and 2 emissions

We aim to reduce our electricity consumption, the main source of MSCI's Scope 1 and 2 emissions, by:

1) Reducing the footprint of our existing offices wherever possible.
COVID-19 forced us to reimagine the functions of our physical offices by fully supporting a hybrid work environment that fosters flexibility and innovation. This flexible approach allows us to adjust the size of existing offices.

2) Improving energy efficiency.
We will continue to identify new ways to use energy more efficiently, such as through climate control setbacks, energy-efficient lighting, motion sensors and other technologies designed to conserve energy.

3) Increase our sourcing of renewable electricity.
Since 2021, we purchased Energy Attribute Certificates (EACs), to increase our use of renewable electricity. In 2023, 100% of our energy consumption came from renewable energy.

We prioritize selecting buildings with green certification such as LEED or BREEAM, granted to buildings that have been designed, built and maintained using green building and energy-efficiency best practices. We also prioritize locations that use renewable electricity when we do seek to expand our office locations.

We intend to periodically review the potential purchase of EACs to lower our unavoidable Scope 2 emissions. An EAC is the official documentation to prove renewable energy consumption. Each EAC represents proof that 1 MWh of renewable energy has been produced and added to the grid. We will consider purchasing EACs for the specific locations where we are using the electricity. In 2023, we purchased EACs for our major locations — in Australia, Bulgaria, Canada, China, France, Germany, Hungary, India, Italy, Japan, Mexico, the Philippines, Singapore, South Africa, the Republic of Korea, Sweden, Switzerland, Taiwan, the U.A.E., the U.K. and the U.S. This purchase allowed us to match 100% of our electricity consumption in 2023 with renewable energy certificates, enabling us to report 100% renewable electricity usage.

Reducing Scope 3 emissions

We are focusing on three areas that will be key to reducing our Scope 3 emissions in line with our targets. We anticipate that MSCI's carbon-reduction trajectory will not be fully linear, and our plan will evolve over time to align with the latest science and emergence of new and greener technologies, and as new data becomes available. We will regularly report our progress as we revise our plans to remain transparent about our approach.

Impact of climate transition risks continued

1) Supply-chain emissions (Scope 3, Category 1)
Emissions across our supply chain accounted for 74% of our total carbon footprint in 2023. Our efforts to significantly reduce our supply-chain emissions represent a major commitment for MSCI. We developed a program to engage with and influence our suppliers to reduce their emissions. We have created a dedicated Supplier Resilience and Engagement Team to spearhead this effort by helping improve our understanding of our suppliers' carbon emissions-reduction commitments and environmental practices. The team collects information through online research and supplier self-reporting on climate commitments to help us identify and engage with suppliers based on the strength of their climate commitments. Our engagement focuses on both the importance of setting carbon emissions-reduction targets and our expectation that suppliers share our commitments (backed by clear actions) to support our efforts to reach our net-zero goal. We track the number of our suppliers that have set or made a commitment to set science-based targets. The progress curve is likely to be incremental over time.

2) Business travel (Scope 3, Category 6)
We continue to manage business travel emissions by maintaining policies that encourage employees to replace travel with virtual meetings where appropriate. When travel is necessary, we encourage low-carbon alternatives, choosing rail instead of air, economy over business class flights, and electric or hybrid over gas-powered rental vehicles. In addition, we implemented a carbon-aware event strategy.

3) Employee commute and impact (Scope 3, Category 7)
We are reducing the need for employees to commute by requiring less in-office work. We support flexible working, which encourages virtual meetings and work from home. The accessibility of convenient, high-quality public transportation is part of our site selection criteria when we evaluate potential new locations. We also had 28 Climate Action Network employee resource groups, as of Dec. 31, 2023, leading discussions on local and at-home climate aware practices, such as improving energy efficiency through increased renewable energy use and water conservation.

Market and reputational transition risks
As the global economy transitions toward a low-carbon future, MSCI recognizes that shifting market dynamics, new technology, emerging regulatory requirements, and stakeholder expectations pose transition risks.

A notable market consideration is the change in customer behavior, as investor priorities continue to evolve in response to climate-related considerations and broader macroeconomic trends. MSCI regularly engages with clients to monitor their needs and minimize our market risk. We aim to identify shifts in client interest through global client consultations, annual client surveys, advisory panels, roundtables and other events.

Regulatory transition risk has also grown more pronounced with the emergence of diverse and evolving climate-related compliance regimes around the world. MSCI continues to monitor global regulatory trends closely and adapt its products and services to align with new requirements.

Technological transition risk is actively managed through strategic initiatives, including the use of renewable-energy powered data centers, robust cloud infrastructure partnerships, and ongoing enhancements to IT efficiency. Additionally, MSCI's focus on sustainable procurement contributes to emissions reduction and supports long-term operational resilience.

MSCI also faces reputational transition risks due to heightened public, political, and regulatory scrutiny of its role as a leading provider of sustainability and climate research, ratings, data, and indexes. We proactively engage with our clients to understand their evolving expectations, and we collaborate with industry peers as permitted and appropriate through industry associations.

Financial planning
As part of MSCI's short-, medium- and long-term financial process and quarterly business reviews, senior management, including the Management Committee, reviews business results and trends, including incurred and projected costs associated with providing climate-related products, as well as creating more sustainable operations. As part of this financial planning, MSCI evaluates the impact of climate risks on MSCI's direct costs. Climate-related costs that have impacted financial planning costs include:

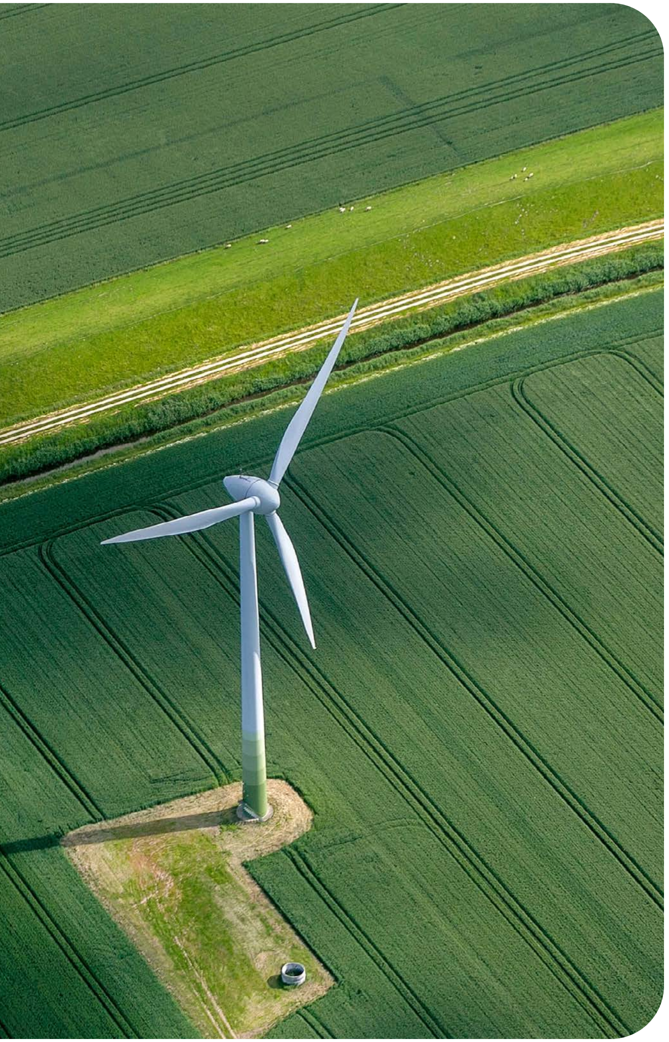
- Direct costs of investing in technology to reduce MSCI's Scope 3 GHG emissions by:
  —Automating labor intensive processes; and
  —Strengthening the firm's virtual meeting tools to minimize travel while maintaining high levels of client engagement; and
- Direct costs of policies and practices to promote environmental sustainability and efficiencies, including prioritizing LEED- and BREEAM-certified office space when entering into leases.

We also regularly review opportunities for acquisitions and partnerships to enhance or expand our climate solutions. In 2023, MSCI acquired Trove Research, which accelerates our ability to provide data and analysis on voluntary carbon markets. We also consider any climate-related impacts through our business resilience process and insurance coverage, including the cost of premiums. MSCI's financial planning process includes an evaluation of changes in client demand for climate-related solutions. Visit our Environmental Sustainability webpage to see the latest developments in this area.

In addition to climate-related costs, MSCI focuses on reviewing climate-related revenue opportunities, as outlined on pages 24 and 29.

For the most recent discussion of climate-related risks and our risk-management approach, please refer to our annual CDP questionnaire.

Impact of climate physical risks



Climate change is expected to increase the frequency and severity of extreme weather events in many of the regions in which we operate. Our ability to operate depends, in part, on the health and availability of our personnel, our office facilities and our systems and operations.

We regularly assess and take steps to improve our response to climate-related risks. MSCI's Business Resilience Strategy considers the extent to which the physical risks of climate change may impact MSCI's operations, including whether these risks could potentially impact our IT and physical infrastructure and/or our ability to provide clients with products and services.

To enhance organizational resilience, we maintain a team of employees from diverse functions to lead and manage business continuity planning (BCP). The BCP team assesses the severity, probability and scale of extreme weather events in locations where we operate. It then develops, implements and tests systems to support business continuity. To facilitate management of potential risks, we monitor threats of extreme weather using both our Climate VaR analysis and Climate Risk Trend Report, which identifies natural disasters and other potential threats that may impact our offices. We perform BCP and tabletop scenario planning exercises to rehearse and enhance the protocols of our business resilience strategy. We test our business continuity and IT disaster recovery plans periodically and report results to MSCI's IT Risk Oversight Committee.

In addition, we regularly evaluate the potential for disruptions to our supply chain. New business-critical suppliers are evaluated by MSCI's Information Security, BCP and Supplier Resilience and Engagement teams, and must pass rigorous onboarding requirements. Our objective is to understand the potential for disruption over the short, medium and long term due to various factors, including climate, weather and other physical impacts. We analyze our suppliers' resiliency and business continuity plans to deal with various risks, including temperature extremes, storm damage, coastal flooding and other physical climate risks that may disrupt their operations and in turn may directly or indirectly impact our operations or ability to deliver our products and services. We identify sources of critical services with an aim to reduce the potential impact of supply chain disruptions.

We look to identify multiple sources of critical services aim to reduce the potential impact of supply-chain disruptions. For example, MSCI maintains data centers in both Europe and the U.S. to enhance our ability to maintain continuity in the event either location is impacted by extreme weather or other climate-related events. Notably, MSCI partners with Microsoft Azure and Google as strategic cloud services providers. Both provide MSCI with geographically diverse data center locations, which allow us to minimize disruption at specific sites. Microsoft is committed to being carbon negative by 2030. We work to reduce our reliance on extended supply chains with the goal of improving resilience and lowering costs. For example, we aim to use regional and local redistributers for technology hardware and software.

We also consider the locations of prospective consultants and contingent workers before engaging them for business-critical operations, and emphasize local and regional sourcing for furniture, fixtures and office supplies for our offices around the world.

When selecting new office space, we follow a checklist which considers nearly 50 criteria and is reviewed and updated at least annually to account for a building's vulnerability to extreme weather events and natural disasters, the availability of renewable electricity, proximity to public transportation, energy-efficient core building systems, and controls to reduce electricity consumption. We also purchase energy-efficient and sustainable products for our offices. These practices have contributed to reducing emissions company-wide.

We identify multiple sources of critical services to reduce the potential impact of supply-chain disruptions wherever possible.

Impact of climate opportunities

The interest in climate-related risks and opportunities by investors has led to a strategic focus on climate considerations in our product development. We offer climate solutions across product lines and asset classes, and support a growing number of client types and use cases. Since launching an important climate product, the MSCI Low Carbon indexes, in 2014, we observed a growing interest from investors in climate-related issues. This demand, which influences MSCI's short- and long-term business strategy, resulted in the diversification and expansion of our offerings.

The emergence of climate-disclosure frameworks and climate-related financial and transparency regulation has also increased demand for climate-related portfolio stress testing and scenario analysis. Our Climate Risk Center, which we established following our acquisition of Carbon Delta in 2019, features specialists dedicated to developing intuitive, forward-looking tools to help investors measure and manage risks associated with climate impacts, identify climate-related opportunities for innovation and positive impact, and make environmental sustainability part of their long-term investment strategy.

We anticipate continuing to invest in expanding and enhancing our climate and sustainability-related products and services. They address demand from investors, companies and financial intermediaries for making climate considerations part of their investment process. We are focused on being an influential thought leader on climate-related considerations for the global investment community and other market participants.

See the climate opportunities section on page 17 of this report for further details on MSCI's memberships and engagement

In 2021, we launched Climate Lab Enterprise, a first-in-kind visualization dashboard that combines our climate data with our analytical risk and portfolio-management capabilities. Climate Lab Enterprise combines comprehensive climate data, analytics and scenario analysis with powerful forecasting tools to help investors measure, monitor and manage climate risk and the shift to sustainable growth consistently across companies, portfolios and enterprises.

In October 2022, MSCI announced its investment in EVORA Global Limited, a professional real asset consultancy that helps real estate companies with their sustainability strategies, sustainable finance and climate risk management and disclosure. With support from MSCI, EVORA's services will aim to improve the flow of critical decision data, accelerate the adoption of climate standards and strengthen the global real asset investment process.

In 2022, the CEO of MSCI established a firm goal advancing MSCI's thought leadership and engagement in the area of climate. This included goals for Management Committee members relating to enhancing the Company's sustainability practices and advancing the Company's sustainability and climate products and services. The Compensation Committee reviews progress against individual performance goals for our Management Committee members.

In 2023, we launched MSCI Corporate Sustainability Insights, a solution that gives clients the ability to track, measure and compare their sustainability and climate data versus peers, while also identifying potential disclosure gaps, through intuitive charts, graphs and maps. In 2023, we also completed the acquisition of Trove Research Ltd, a carbon markets intelligence provider, which accelerates our ability to provide data and analysis on voluntary carbon markets.

> We are focused on being an influential thought leader on climate-related considerations for the investment industry.

Resilience of MSCI's strategy under different climate scenarios

We have used our Climate VaR model[1] to conduct a detailed climate-related scenario analysis that allows us to quantitatively analyze both transition and physical climate-related risks we may face in the coming years and decades.

The model assesses potential future climate change risks and opportunities, which include transition risks and opportunities that may arise from limitations on GHG emissions, as well as risks resulting from the physical effects of climate change.[2] More specifically, MSCI ESG Research calculates an aggregate Climate VaR, which consists of the Transition Climate VaR and the Physical Climate VaR. The Transition Climate VaR captures both risks and opportunities using the downside Policy Climate VaR and the upside Technology Opportunities Climate VaR. See Appendix 5 for definitions and more details on our methodology and detailed scenario analysis.

Our last Climate VaR was performed in 2022 based on 2021 data. We aim to regularly review our scenario analysis and to perform more detailed scenario analysis to respond to any significant changes in our operations, operating environment and new climate-related data. Our intention is to perform a new Climate VaR within the next year to include our most recent acquisitions.

1 IMPORTANT NOTICE: MSCI ESG Research has developed a fully automated and forward-looking financial climate risk model, Climate VaR, which was used to quantitatively analyze certain climate-related risks and opportunities included in this report for MSCI Inc. In addition, MSCI ESG Research has developed Implied Temperature Rise, a metric designed to show the temperature alignment of companies, portfolios and funds with global climate targets. MSCI Inc. is the ultimate parent company of MSCI ESG Research. The publications of Climate VaR and Implied Temperature Rise included herein for MSCI Inc. were conducted in the same manner and based on the same information available for other companies not affiliated with MSCI Inc., but have not been independently reviewed or audited. Due to the affiliate relationship and the potential for a conflict of interest, this report should not be relied upon as an independent analysis of MSCI Inc. with respect to the use of Climate VaR or Implied Temperature Rise.

2 See Appendix 3 for information on the office locations for our employees. For the scenario analysis included in this Report, these values were used by MSCI ESG Research as an indicator of the relative size of MSCI's global offices for purpose of the physical VaR assessment. This factor has resulted in a more tailored physical VaR assessment for MSCI Inc.

How MSCI identifies, assesses and manages climate-related risks

06 Risk Management

Risk Management

We are committed to ensuring we are identifying, evaluating and managing climate-related risks that may directly or indirectly impact our operations or ability to deliver our products and services. Our management team has day-to-day responsibility for identifying, assessing and managing climate-related risks, while our board oversees management's execution of those responsibilities.

1) MSCI's processes for identifying and assessing climate-related risks

Our processes for identifying and assessing climate-related risks are multi-pronged and seek to continuously capture insights on risks we may face in the coming decades.

We regularly engage with shareholders, clients and employees, and conduct benchmarking analysis to identify the most relevant risks to our business and industry. This includes an annual roadshow with our shareholders that focuses on corporate responsibility issues to help us better understand their areas of interest, including climate-related risks.

Our insights on climate-related risks are informed by the TCFD guidelines as well as the CDP climate questionnaire.

We use our Climate VaR model, which aligns with the TCFD's risk categories, to identify and assess MSCI's most probable climate-related facility- and enterprise-level risks. The scenario analysis we conduct as part of the Climate VaR analysis allows us to assess the impact of climate risks, including physical and transition risks. See Appendix 4 for additional details on the model's methodology and scope.

We have categorized our climate-related risks using the TCFD framework, including policy and legal, technology, market, reputation, and acute physical and chronic physical risks. We determine an overall risk level, such as high, medium or low, each quarter for our climate-related risks by considering these risks in terms of potential likelihood and potential impact. In this way, climate-related risks can be viewed relative to other risks we manage and monitor as a firm.

We also consider climate-related risks in terms of the time horizon of a potential impact — specifically, across the short (less than one year), medium (one to three years) and long term (more than three years). These time horizons align with our business, strategy and financial planning. Please refer to our latest CDP report for more information on how risks outlined in the TCFD framework may impact our firm in the short, medium and long term.

We use both quantitative and qualitative measures to assess the potential for substantive strategic or financial impacts from climate change, consistent with how we evaluate the impact of other non-climate change risks to our firm. The potential for a greater than USD 75 million annual impact to MSCI's adjusted earnings before interest, taxes, depreciation and amortization (EBITDA), as defined in MSCI's financial statements, due to a climate issue, would trigger a review of additional factors, including, but not limited to whether:

- The potential impact requires a significant change in our operations and/or how we deliver our products to our clients;
- There is a need to make an extended or permanent change in location of a facility or implement our business continuity plans beyond current scenarios; and
- The potential impact results in a significant change to our, or our clients', business strategy.

We would deem a climate issue to have had a substantive financial or strategic impact if one or a combination of the qualitative factors met that threshold in addition to the quantitative factor. Currently, there are no impacts that meet this definition.

2) MSCI's processes for managing climate-related risks

We have developed different types of mitigation strategies, involving different teams, to manage climate-related risks depending on the type of risks we face. Our Business Resiliency team, for example, assesses the severity, probability and scale of potential extreme climate events in geographies where we operate, and develops, implements and tests technology systems to support MSCI's business continuity plans. See pages 14–16 for a comprehensive description of our mitigation strategy for each risk outlined in the TCFD framework.

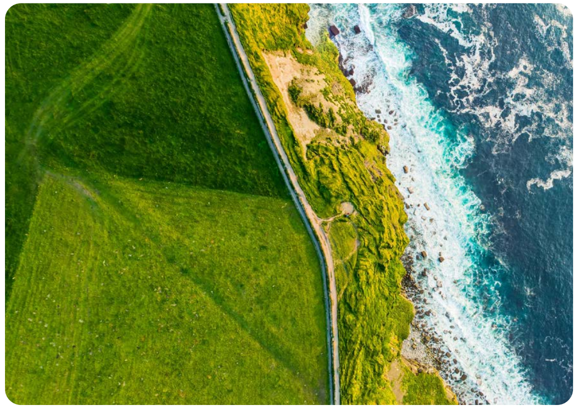
3) How climate-related risks are integrated into MSCI's overall risk management

Our processes for identifying, assessing and managing climate-related risks are integrated into our firmwide risk management framework, thereby ensuring climate-related risks are treated with a high level of transparency, visibility and accountability. This framework includes both transition and physical risks.

As part of our firmwide risk management framework, we prepare each quarter a risk dashboard, which provides a high-level summary of our company's enterprise-level risks. This dashboard, which includes our climate-related risks (reflected on pages 14–16), is shared quarterly with our EROC. We also provide the EROC with risk-specific details, such as assessments of impact and likelihood, key mitigating actions, and insights on metrics used to assess and measure our progress in managing climate-related risks, such as our carbon footprint metrics, use of renewables, and percentage of our suppliers with science-based targets and commitments to set science-based targets.

Our board is responsible for overseeing the management of company risks, including those which are climate-related. On a quarterly basis, the Audit and Risk Committee receives an update on MSCI's enterprise risk management program by our ERMO, which includes an overview of risks and trends also made available to the full board. In 2023, the enterprise risk management overview included updates relating to the management of climate-related risks and opportunities.

In addition, the Chief Information Security Officer (CISO) periodically updates the Audit and Risk Committee on MSCI's planning for business continuity and IT disaster recovery, designed to mitigate the impact of potential disruptions, including those that could be caused by extreme weather events and other effects of a changing climate. In addition, the Governance and Corporate Responsibility Committee receives quarterly updates from the CRO, which include metrics and progress on our climate goals.



Metrics and targets used by MSCI to assess and manage relevant climate-related risks and opportunities where such information is material

07
Metrics and Targets

Metrics and Targets

Figure 6: Operational and value chain metrics[1]

Our 2023 operational and value chain emissions, and other key metrics, are shown in the table below against equivalent measures over the previous 2 years. Our previous year's emissions and baseline year, 2019, can be found on our Sustainability Reports and Policies page.

		2023	2022	2021
Scope 1, 2 and 3 emissions				
Scope 1 GHG emissions (tCO_2e)	Market-based	136	154	160
	Location-based	136	154	160
Scope 2 GHG emissions (tCO_2e)	Market-based	513	673	1,193
	Location-based	7,048	7,051	6,707
Scope 1 and 2 GHG (tCO_2e)	Market-based	649	827	1,353
	Location-based	7,184	7,205	6,867
Scope 3 GHG (value chain) emissions (tCO_2e)	Category 1: Purchased goods & services	44,051	35,362	30,520
	Category 3: Fuel & energy-related activities	2,585	2,640	2,188
	Category 5: Waste generated in operations	174	136	133
	Category 6: Business travel	4,733	2,441	950
	Category 7: Employee commuting & homeworking	4,404	3,833	3,446
	Category 8: Upstream leased assets	–	–	8
	Category 11: Use of sold products	2,270	2,883	3,044
	Category 13: Downstream leased assets	357	316	413
	Category 15: Investments	47	48	19
Scope 3 GHG (value chain) emissions (tCO_2e)		58,621	47,659	40,721

		2023	2022	2021
Intensity metrics*				
Intensity per employee (tCO_2e)	Scope 1 and 2	0.11	0.2	0.3
	Scope 3	10.12	9.0	8.7
	Total	10.23	9.1	9.0
Intensity per revenue ($m)	Scope 1 and 2	0.26	0.3	0.6
	Scope 3	23.18	19.0	18.4
	Total	23.44	19.3	19.0
Other key metrics*				
Renewable energy (%)[4]		100	99.9	94
Travel emissions per employee		0.8	0.4	0.1
Responsible sourcing	MSCI suppliers by spend with science-based targets (%)[4]	55	41	–
	Supply-chain emissions (Scope 3, Category 1) of total carbon footprint (%)	74	73	73

* Intensity metrics and other key metrics for 2022 and 2021 are not part of the official restatement and rebaseline and instead reflect the emissions at the time they were originally calculated.

1 In 2024, MSCI re-baselined our 2019–2022 emissions to address new acquisitions (additional Trove and Burgiss sites) and reverified Scope 3 purchase goods and services spend. Third-party verification of the re-baselined emissions can be found on our website here.

2 Additional information about our Sustainability and Climate research and products can be found in our Annual Report and Proxy Statement.

3 This includes the use of Energy Attribute Certificates purchased to increase our use of renewable electricity.

4 In order to align with MSCI's 2025 milestone set in 2022 (increase to 60% by spend our suppliers with science-based targets), this metric was changed to reflect the percentage of suppliers by spend with science-based targets (certified or not). Previous years' data is not available.

Metrics and Targets continued

1) Metrics used to assess climate-related risks and opportunities

Figure 6 outlines our 2023 operational and value chain emissions, intensity metrics and other key metrics, shown in the table against equivalent measures over the previous two years.

Climate transition risks

We believe that lowering our carbon emissions may reduce our exposure to transition risks and allow us to capitalize on climate-related opportunities. We measure our progress in meeting our climate commitments by monitoring a broad range of climate-related metrics.

To measure and mitigate our Scope 1 and 2 emissions, MSCI tracks key metrics associated with our energy consumption. These allow us to identify trends in the effectiveness of our actions and inform our ability to reduce our office footprint, choose energy-efficient buildings and increase our use of renewables.

Our supply chain constitutes the main source of MSCI's Scope 3 emissions. See page 22 for details on our engagement with suppliers through our Supplier Resilience and Engagement Team. We plan to use new sources of aggregated data as they become available to help us achieve a more complete understanding of our suppliers' corporate climate commitments.

Purchased goods and services (PG&S) emissions were calculated using a hybrid model, leveraging MSCI's spend with suppliers and applying either industry-specific emissions factors or supplier-specific emissions factors. Industry-specific emissions factors used were pulled from Watershed's CEDA Global 5 model. Supplier spend was adjusted by Watershed to account for inflation using the Bureau of Economic Analysis (BEA) Chain-Type Price Indexes for Gross Output by Industry and then multiplied by the corresponding emissions factor. Supplier-specific emissions factors are calculated by Watershed using information from suppliers that report to CDP. The calculation was (supplier's Scope 1, 2 and upstream categories of Scope 3)/revenue. Supplier spend was multiplied by the corresponding supplier-specific emissions factor when this information was available. We determined that 55% of our 2023 PG&S spend was with suppliers with science-based targets and 2% of our spend was with suppliers that had a commitment to set science-based targets — or a total of 57% of suppliers by spend that either already have or have committed to having science-based targets.

The increase in Scope 3 emissions compared with our 2019 baseline was predominantly driven by a higher level of PG&S as well as small contributions from other Scope 3 categories. These higher levels were somewhat mitigated by business travel reductions resulting from COVID-19 restrictions.

Climate physical risks

MSCI's Climate Risk Center, part of MSCI ESG Research, runs a Climate VaR analysis to identify key physical risks. We use that analysis to monitor our exposure to physical risks in our locations and to inform decision-making in connection with the location of new offices. The scenario analysis run in 2022 reported that MSCI's aggregate Climate VaR is -1.32%, which means the Company's valuation can be reduced by -1.32% in a 2°C mid-range and aggressive physical risks outcome. Please see MSCI's 2020 and 2022 TCFD reports for prior Climate VaR analysis results.

See Appendix 5 for more details.

Climate opportunities

As a leading provider of sustainability and climate solutions, we play a role in supporting climate-aware investing. We anticipate such investing will continue to grow in the coming years as investors sharpen their focus on the risks and opportunities from climate considerations.

Metrics and Targets continued

2) MSCI's GHG emissions

As part of our commitment to transparency, we continue to calculate and disclose MSCI's GHG emissions across all three emissions scopes (See Figure 6). These values are informed by the Greenhouse Gas Protocol and we have received third-party limited assurance of our emissions since 2018.

Figure 7: Scope 3 categories evaluated by MSCI that are not relevant

Capital goods	MSCI's internal databases do not differentiate between capital goods and purchased goods & services. As such, per guidance from the GHG Protocol, all emissions associated with purchases are accounted for in C1 — Purchased Goods & Services.
Upstream transport	Upstream transport is not relevant to MSCI's business activities. MSCI does not provide any durable products that require physical shipment. All of MSCI's products are either digital or service based. Emissions from the utilization of digital products is captured in the Use of Sold Goods Scope 3 category. Emissions from the transportation of employees on their way to provide services are captured in the Business Travel Scope 3 category. Emissions from shipments of goods that facilitate the delivery of MSCI's services (e.g. office equipment) are captured in the Purchased Goods and Services category.
Upstream leased assets	Not relevant — MSCI does not have upstream leased assets.
Downstream transportation and distribution	Downstream transport is not relevant to MSCI's business activities. MSCI does not provide any durable products that require physical shipment. All of MSCI's products are either digital or service based. Emissions from the utilization of digital products is captured in the Use of Sold Goods Scope 3 category. Emissions from the transportation of employees on their way to provide services are captured in the Business Travel Scope 3 category. Emissions from shipments of goods that facilitate the delivery of MSCI's services (e.g. office equipment) are captured in the Purchased Goods and Services category.
Processing of sold products	MSCI does not sell products that require further processing downstream. All products that require further processing downstream. All of MSCI's products are either digital or services based. Emissions from the utilization of digital products is captured in the Use of Sold Goods Scope 3 category.
End of life treatment of sold products	This category is not relevant to MSCI's business activities (i.e., no physical goods are sold that result in an end of life emission). All of MSCI's products are either digital or services based. Emissions from the utilization of digital products is captured in the Use of Sold Goods Scope 3 category.
Franchises	This category is not relevant to MSCI's business activities — MSCI does not have any franchises.

3) MSCI's carbon-reduction targets

The disclosures and initiatives described in this report aim to help stakeholders understand the plans and progress made by MSCI to achieve our goal of net-zero emissions across our value chain before 2040. That includes our commitment to aligning our climate trajectory with a 1.5°C pathway. In 2022, we received verification by the SBTi of our enhanced near-term targets, reducing our Scope 1 and 2 emissions by 80% and our absolute Scope 3 emissions by 50%, in each case by 2030 and from a 2019 baseline, and our long-term (net-zero) target by 2040. We used the absolute contraction method to set our science-based targets and included all relevant Scope 3 categories in our near- and long-term SBTi-aligned targets.

Figure 8: MSCI climate commitments:

	Near-term target	Long-term target
Baseline	2019	2019
Target date	2030	2040
Scope 1 and 2 reduction	80%	Net-zero = at least 90% reduction of Scope 1, 2 and 3 emissions
Scope 3	50%	
SBTi verification	Verified	Verified

We have made progress against these commitments. (See Executive Summary, page 5).

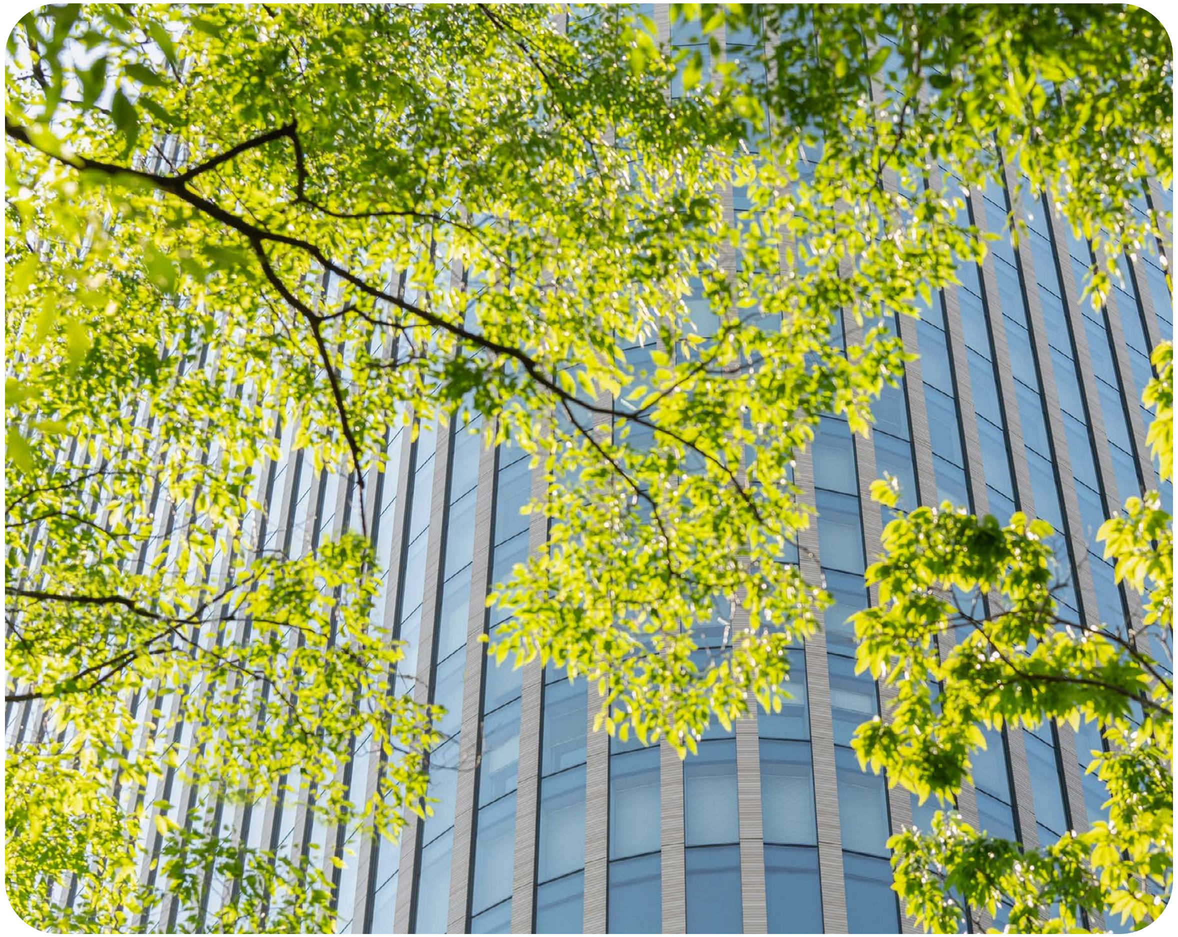
Furthermore, MSCI ESG Research's Implied Temperature Rise tool models that our net-zero target and future emissions pathway set in 2022 would align with a temperature rise of 1.3°C. This measure estimates the global rise in average temperature this century if the global economy were to undershoot its remaining carbon budget to the same extent as MSCI.

We anticipate that we will continue to refine our strategy to meet our goals.

Bringing clarity to climate investing

The impact of climate change on investments is not just a risk for the future but also an opportunity to create value now. Our integrated data, analytics, indexes and research-led insights help leading investors, financial institutions, insurers, corporates and advisors build climate-aware strategies and find their competitive edge.

To find out more and tap into a climate finance team with decades of experience and a record of success developing industry-leading methodologies to measure the risk and impact of sustainability across asset classes, visit https://www.msci.com/data-and-analytics/climate-solutions



08 Appendices

Appendix 1: Additional governance information

Board oversight

Our board works closely with management to provide oversight, review and counsel relating to long-term strategy, risks and opportunities. In this role, the board is responsible for ensuring that the risk management processes designed and implemented by management are functioning as intended and that necessary steps are taken to assess, monitor and control key business risks. The board performs these functions as part of its regularly scheduled meetings and through its four standing committees, each of which examines various components of risk, including climate-related risk, as part of its assigned responsibilities. The board's four standing committees and the climate-related oversight responsibilities of each of these committees are outlined at Figure 3 and include the following:

Governance and Corporate Responsibility Committee

Among its other responsibilities, the Governance and Corporate Responsibility Committee (the "Governance Committee") is responsible for overseeing MSCI's policies and initiatives related to corporate responsibility matters, including those related to climate change. At MSCI our Chief Responsibility Officer (CRO) has the mandate for the role often referred to as 'Chief Sustainability Officer'. Our CRO provides regular updates to the Governance Committee on MSCI's corporate-responsibility efforts. These updates include dashboards that illustrate our progress against climate targets, with metrics related to GHG emissions, renewable-electricity usage, and the number of suppliers with science-based targets. In addition, the CRO periodically presents to the Governance Committee on key initiatives and management's performance against its Corporate Responsibility Operating Plan.

The Governance Committee also oversees shareholder engagement on corporate responsibility matters, including participation by board members in MSCI's annual Corporate Responsibility Roadshow, which we conduct each fall to review and receive feedback on our corporate responsibility efforts, including our environmental practices. During the 2023 Corporate Responsibility Roadshow, our shareholders focused the discussions on, among other things, our carbon-reduction targets, our interactions with our supply chain to lower emissions and our approach to internal carbon pricing.

Audit and Risk Committee

On a quarterly basis, the Audit and Risk Committee ("the Audit Committee") is updated on MSCI's ERM program by our Enterprise Risk Management Officer, including an overview of risks and trends. On a quarterly basis, the Audit Committee is also updated on the Company's IT risk program by MSCI's Chief Information Security Officer (CISO), covering an overview of risks and trends related to business continuity, including any risks that are likely to have a significant impact, for example, as a result of climate change-related extreme weather events. As part of this review, the Audit Committee receives updates about the results of assessments conducted by outside advisers, who provide independent assessments of our IT risk program and our response preparedness.

Strategy and Finance Committee

The Strategy and Finance Committee (the "Strategy Committee") monitors and provides guidance on our strategic objectives. These may include sustainability and climate-related partnerships and acquisition opportunities. On a quarterly basis, MSCI's senior management and Strategy and Corporate Development Team discuss partnership and acquisition opportunities with the Strategy Committee. This discussion focuses on MSCI's strategic growth areas and regularly includes review of opportunities for climate-focused products, data and services. As part of these efforts, in November 2023, MSCI completed the acquisition of Trove Research, a world-renowned source of intelligence across carbon markets that tracks corporate climate commitments and provides high-quality data and insights into the voluntary carbon market through a single, unified platform.

The Strategy Committee also collaborates with the board and management team to set the agenda for the board's annual two-day strategy session and to help identify strategic areas of focus for quarterly strategy discussions. During these discussions, the senior leaders outline multi-year strategic priorities. In 2023, the annual two-day strategy session included discussion of opportunities relating to our sustainability and climate product lines. The strategy sessions culminate in the approval by the MSCI board of an annual operating plan, which includes climate-related product and infrastructure plans and investments, and is subject to ongoing monitoring by senior management, the MSCI Board and the Strategy Committee.

Compensation, Talent and Culture Committee

The Compensation, Talent and Culture Committee (the "Compensation Committee") is responsible for regularly reviewing and annually approving the compensation awarded to our Management Committee. The Compensation Committee also oversees plans for talent management, including talent acquisition and development, progression planning and career progression, to guide management on the company policies relating to inclusion and belonging, corporate culture, resource allocation, resiliency and employee engagement.

In 2023, based on feedback received from shareholders to focus on climate considerations in our executive compensation program, we required each Management Committee member to have a meaningful climate-related goal as part of the KPI component of the Annual Incentive Plan (AIP), and we expanded our Executive Accountability Framework, which establishes the philosophy and process for assessment of Inclusion and Belonging Goals in our AIP program, to now also cover climate goals. The Compensation Committee annually reviews the achievement of goals by our CEO, President and Chief Operating Officer (COO), CFO, General Counsel and Chief Human Resources Officer, among other members of senior management.

Appendix 1: Additional governance information continued

Executive and management responsibilities

The following members of senior management and management-level committees are responsible for the day-to-day management of climate-related risks and opportunities. We are committed to a governance structure at the management level that promotes transparency and ensures proper escalation procedures with respect to climate-related issues.

Corporate Responsibility Committees

Corporate Responsibility Advisory Council

Our Corporate Responsibility Advisory Council (the 'Council') is chaired by our Chief Responsibility Officer and consists of several of our senior executives that lead key functions that underpin our corporate responsibility strategy, such as our President and COO, CFO, and General Counsel and Head of Corporate Affairs. The Council meets on a regular basis and provides input on significant corporate responsibility policies, actions and disclosures to ensure these items are aligned with MSCI's mission and long-term strategy for sustainable growth. Several members of the Council have extensive climate-related product and research expertise in the financial services industry. In 2021, the Council made recommendations to our CEO around company-wide climate commitments, such as our net-zero and carbon-reduction targets. The recommendations were also prepared and reviewed in consultation with the Governance Committee and the MSCI Board.

Corporate Responsibility Committee

The Corporate Responsibility Committee (CRC) meets periodically to consider trends, share updates on the implementation of MSCI's Corporate Responsibility Operating Plan and review MSCI's corporate responsibility metrics that monitor progress on goals such as carbon reduction. The CRC includes representatives from relevant functions, including Corporate Responsibility, MSCI ESG Research, Information Technology (IT), Data Management, Client Coverage, Corporate Services, Finance, Legal, Human Resources and Inclusion and Belonging.

Enterprise Risk Oversight Committee

Our assessment and management of climate-related risks and opportunities, including transition and physical risks, is integrated into our firmwide risk management framework and reporting. The Enterprise Risk Oversight Committee (EROC), chaired by our CFO, provides oversight of MSCI's risk management activities to ensure that we are identifying, evaluating and managing risks that may have an adverse impact on our ability to achieve operational and strategic objectives. In 2023, the EROC was comprised of several members of our management-level Executive Committee, including MSCI's President and COO, CFO, General Counsel, Chief Human Resources Officer and Chief Technology Officer, and includes our Head of Internal Audit and Enterprise Risk Management Officer, to help ensure well-rounded consideration of potential exposures.

On a quarterly basis, the EROC is provided updates via our firmwide risk dashboard on our climate-related risks, including insights on our metrics used to assess and measure our progress in managing climate-related risks (e.g., metrics surrounding our carbon footprint, our use of renewables, the proportion of our suppliers with science-based targets, etc.).

The Enterprise Risk Management Officer updates the Audit Committee quarterly on the work of the EROC, including its consideration of climate-related risks. The Governance Committee receives quarterly updates from the CRO, which include reporting on progress on climate-related commitments.

Business Resiliency and Crisis Management

The Business Resiliency Team assesses the severity, probability and scale of climate-related events, and implements and tests technology systems to support our business continuity plans. The Chief Information Security Officer (CISO) periodically updates the Audit and Risk Committee on MSCI's planning for business continuity and IT disaster recovery, designed to mitigate the impact of potential disruptions, including those that could be caused by extreme weather events and other effects of a changing climate.

Our Crisis Management Team and Technology Services Operations Management Team oversee all aspects of our disaster and recovery response efforts, including protecting the general welfare and safety of our employees, data centers, networks, applications supporting business operations, communications systems and general technology recovery following extreme weather incidents or natural disaster. Our Internal Audit Team periodically reviews various aspects of these programs to provide independent assessment and assurance to management and the MSCI Board.

Our Head of Corporate Services, who reports directly to our Chief Human Resources Officer, partners with our IT Team on business resiliency and crisis management, and assesses and manages climate-related issues that impact our supply chain, real estate.

The corporate real estate, facilities, strategic sourcing and procurement, and business travel management teams that report to the Head of Corporate Services have direct responsibility for monitoring climate-related issues associated with our day-to-day operations. Our Corporate Real Estate Management Team is responsible for monitoring and managing our energy use and efforts to reduce energy consumption, including through leasing office space in buildings with LEED, BREEAM or equivalent certifications that relate to the design, construction and operation of high-performance, environmentally sustainable buildings.

In 2021, we created a dedicated Sustainable Supplier Management team, later renamed to Supplier Resilience and Engagement team, within our Corporate Services team to further align our selection of suppliers with our own corporate responsibility commitments.

Appendix 1: Additional governance information continued

Executive Leadership

Chief Executive Officer (CEO)	MSCI's Chairman and CEO ensures, through continuous communication, that management aligns with the MSCI Board on key sustainability and climate-related risks and opportunities. Leads MSCI's pursuit of climate-related goals, such as our commitment to achieve net-zero carbon emissions throughout our value chain by 2040. The CEO, in quarterly Audit and Risk Committee and Strategy and Finance Committee meetings, discusses financial results including those related to environmental opportunities including risks and opportunities MSCI's Sustainability and Climate product lines.
President and Chief Operating Officer (President)	The President and COO oversees the Chief Technology Officer and Chief Product Officer, who have varying responsibilities in assessing and managing sustainability and climate-related risks and opportunities. The President also manages investments in key strategic growth and operational areas, including investments in sustainability and climate-related opportunities and strategies. The Chief Responsibility Officer (CRO) regularly briefs the President on important climate matters, especially with regard to our external commitments and progress toward them. The President is also a member of our Corporate Responsibility Advisory Council, where all critical climate-related matters are discussed before approval and implementation. The President, in quarterly Audit and Risk Committee and Strategy and Finance Committee meetings, discusses financial results including those related to environmental opportunities including MSCI's Sustainability and Climate Product lines.
Chief Human Resources Officer (CHRO)	Oversees the HR function. Head of Corporate Services who manages climate related matters that impact our supply chain and physical locations reports directly to the CHRO.
Chief Financial Officer (CFO)	Chairs the EROC and works with our ERMO to oversee our enterprise risk management program to ensure we are identifying, evaluating and managing risks that may impact our ability to reach operational and strategic goals. Oversees the Strategy and Corporate Development functions, including assessment of acquisition and partnership opportunities that enhance our sustainability and climate product capabilities.
General Counsel	Enhances MSCI's corporate governance and corporate responsibility practices and profile. Delivers periodic reports to the Governance and Corporate Responsibility Committee on evolving corporate governance practices and trends, as well as shareholder proposals.
Chief Responsibility Officer (CRO)	The Chief Responsibility Officer (CRO) has the mandate for the role often referred to as 'Chief Sustainability Officer'. The CRO reports directly to the CHRO and General Counsel. General Counsel updates the full board when relevant. Creates the annual Corporate Responsibility Operating Plan, engages key decision-makers, internal experts and other stakeholders on corporate responsibility-related actions such as our net-zero and carbon-reduction targets. Periodically updates the Governance and Corporate Responsibility Committee; reports are made available to the full MSCI Board.
Chief Technology Officer and Head of Engineering (CTO)	Oversees our Business Resiliency Team, which assesses the severity, probability and scale of potential extreme climate events in geographies where we operate. This team develops, implements and tests technology systems to support MSCI's business continuity plans. Oversees MSCI's CISO.
Enterprise Risk Management Officer (ERMO)	The ERMO reports to the CFO and provides quarterly updates to the Audit and Risk Committee on the EROC's work. The ERMO helps ensure the Company is identifying, evaluating and managing climate-related risks and opportunities that may directly or indirectly impact our operations or ability to deliver our products and services.
Chief Information Security Officer (CISO)	MSCI's CISO reports to the CTO and provides quarterly updates to the Audit and Risk Committee on our IT risk program, including an overview of risks, if material or likely to have a significant impact, that could be caused by climate and extreme weather events.

Management-led committees

Corporate Responsibility Advisory Council (Council)	The Council meets on a regular basis and provides input on significant corporate responsibility policies, actions and disclosures to ensure these items are aligned with MSCI's mission and long-term strategy for sustainable growth.
Corporate Responsibility Committee (CRC)	Cross-functional group that meets regularly to review corporate responsibility trends, share updates on the implementation of our Corporate Responsibility Operating Plan and review our corporate responsibility reports.
Enterprise Risk Oversight Committee (EROC)	MSCI's assessment and management of climate-related risks and opportunities, including transition and physical risks, is integrated into our firmwide risk management framework and reporting.

Climate Action Networks

Our Head of Corporate Services and our facilities management teams work with a series of employee Climate Action Networks established in 28 MSCI offices around the world as of Dec. 31, 2023. These local Climate Action Networks aim to increase awareness, engage local employees and manage local and regional environmental issues, including climate-related issues. Examples of activities in 2023 included global leadership events on the carbon footprint management and marine ecosystem, local educational sessions on composting, recycling and reducing waste, Earth Day, fast fashion, the water challenge, tree plantation and beach clean-up.

The groups work across our global offices to increase awareness, engagement and management of local and global environmental issues. These groups lead discussions on climate aware practices, such as increasing energy efficiency through renewable energy usage and water conservation.

Appendix 2: MSCI office and data center locations

MSCI office locations as of Dec. 31, 2023*

Country	City	Building address
Australia	Sydney	56 Pitt Street
Australia	Sydney (RCA)	Level 14–17, 175 Pitt Street, Sydney NSW 2000
Brazil	Sao Paulo	We Work, Rua Professor Atílio Innocenti, nº 165, Conjuntos
Bulgaria	Sofia	Mobi Art Building
Canada	Toronto	1 First Canadian Place, 100 King Street West
Finland	Helsinki (RCA)	Eteläesplanadi 2, 4. krs, 00130 Helsinki
France	Paris	Washington Plaza, 29 Rue de Berri, 75008
Germany**	Frankfurt am Main	Junghofstrasse 22-26, 4th Flr -60311
Germany	Potsdam	Unicorn Potsdam, Kutschstallhof am Neuen Markt 9e, 14467
Hong Kong	Hong Kong	Three Pacific Place, 1 Queens Road East
Hungary	Budapest	Greenhouse, Kassak Lajos utca 19–25, 1134
India	Bengaluru	Enzyme I Park, 5th Floor, Mobius Tower, SJR I Park, KIADB Industrial Area, EPIP Zone, Whitefield, Bangalore — 560066
India	Coimbatore	IndiQube Kovai, Avinashi Road, Peelamedu, Tamil Nadu, 641004
India	Mumbai	Nesco IT Park Building 3, Goregaon, 4000063
India	Pune	WeWork, Magarpatta City (Regus Space)
Italy	Milan	Via Dante No 9
Japan	Tokyo	Sankei building, 1-7-2 Otemachi, Chiyoda-Ku, 100-0004
Mexico	Mexico City	Av. P.º de la Reforma 296, Juárez, Cuauhtémoc
Mexico	Monterrey	Av. Ricardo Margain #444, 66265
Netherlands	Amsterdam (RCA)	Keizersgracht 555, Amsterdam, 1017 DR Netherlands
PRC	Beijing	No. 6 Wudinghou Street, 100033
PRC	Shanghai	166 Lujiazui Ring Road, 200120
Philippines	Manila	Zuellig Building, Makati Avenue, 1226
UK	London	10 Bishops Square, Spitalfields, E1 6EG
UK	London (T)	150 Minories, London EC3 (Trove)
UAE	Dubai	Al Fattan, Currency House, Office 110, Level 1, Tower 1 DIFC
USA	Berkeley	2100 Milvia Street, 94704
USA	Boston	75 Federal Street, 02110
USA	Boulder (F)	2601 31st Street
USA	Chicago	311 S. Wacker Drive, 60606
USA	Gaithersburg	9711 Washingtonian Boulevard
USA	Hoboken	Hoboken -111 River Street, 10th Fl Hoboken, NJ 07030
USA	New York	77 Water Street, New York 10005
USA	New York	7WTC, 250 Greenwich Street, 10007
USA	New York (RCA)	110 5th Avenue, 7th Floor, New York, NY 10011
USA	Norman	201 David L. Boren Boulevard, 73072
USA	San Francisco	221 Main Street, San Francisco, 94105
USA	San Jose (RCA)	1999 South Bascom Ave, Suite 1000, Campbell, CA 95008
Singapore	Singapore	1 Raffles Quay North Tower, 048583
South Africa	Stellenbosch	Bosmans Business Centre, 1 Distillery Road, Stellenbosch, 7600
South Korea	Seoul	Gran Seoul, Tower 1, 33 Jong-Ro, Jongno-Gu, 03159
Spain	Barcelona	Plaza Cataluna (Regus Space)
Sweden	Lulea (RCA)	Varvsgatan 49, 972 33 Luleå, Sweden
Sweden	Stockholm	Kungsbron 2, 111 22 Stockholm, Sweden
Switzerland	Geneva	Place des Bergues 3
Switzerland	Zurich	Prime Tower, Hardstrasse 201, 8005
Taiwan	Taipei	1 Songzhi Road

MSCI data center locations

Primary data centers:

Host	Country	City	State/province (if applicable)	Address
EXA	Switzerland	Geneva		Chemin de l'Epinglier, CH-1217 Meyrin
STACK	Switzerland	Geneva		Chemin du Pré-Fleuri, CH-1228 Plan-les-Ouates
Switch	USA	Las Vegas	Nevada	5225 W. Capovilla Avenue, 89118
Switch	USA	Las Vegas	Nevada	4495 E Sahara Avenue, 89104

* Some offices are not included in our emissions calculations e.g. coworking spaces

** Note that there was an office move during the measurement period.

Appendix 3: MSCI employee headcount

MSCI employee headcount in physical offices

As of Dec. 31, 2023, the total employee count at MSCI was 5,794. The tables below provide a breakdown of our employee count in physical offices by region and city with a 30-employee threshold. Please note, the location noted at "other" for each region refers to employees in office locations below the 30-employee threshold as well as employees designated "remote" or part of a location that does not have a physical address.

Location	Employee count
APAC	2,679
Beijing	34
Bengaluru	35
Coimbatore	184
Hong Kong	63
Manila	410
Mumbai	1,190
Pune	542
Shanghai	61
Singapore	57
Tokyo	51
Other	52

Location	Employee count
Americas	1,560
Berkeley	62
Boston	55
Chicago	46
Hoboken	126
Mexico City	35
Monterrey	426
New York	442
Norman	79
San Francisco	40
Toronto	45
Other	204

Location	Employee count
EMEA	1,555
Budapest	486
Frankfurt	50
Geneva	31
London	352
Paris	43
Sofia	124
Stellenbosch	275
Stockholm	47
Zurich	41
Other	106

Appendix 4: MSCI Climate VaR model

MSCI ESG Research's Climate VaR model aims to provide a quantitative, forward-looking analysis of how climate risks may affect a company's market valuation. Aggregated Climate VaR consists of Transition Climate VaR and Physical Climate VaR.

Transition Climate VaR

Transition Climate VaR captures both risks and opportunities using downside policy risk and upside technology opportunity (Policy Climate VaR + Technology Opportunity Climate VaR). The Policy Climate VaR consists of three components: Direct Emissions Climate VaR, Electricity Use Climate VaR and Value Chain Climate VaR.

Policy Climate VaR: Risks

Direct Emissions Climate VaR (Scope 1)

MSCI ESG Research employed a top-down and bottom-up hybrid methodology to calculate potential risks from future climate-change policies coming from countries' nationally determined contributions pursuant to the Paris Agreement. To calculate a company's costs associated with reaching emissions-reduction targets, the Policy Climate VaR methodology uses technology and policy-based carbon price estimates extracted from integrated assessment models. Each year, company- and location-specific GHG reduction requirements are multiplied with annual carbon price estimates that are scenario-specific. The model computes the "Direct Emissions Climate VaR," which identifies the companies that may be most at risk from the emissions-reduction requirements needed to reach long-term climate stabilization targets.

Electricity Use Climate VaR (Scope 2)

MSCI ESG Research has developed a model to calculate the potential risk that companies could face through their electricity consumption in a climate-transition scenario. The model uses scenario-specific electricity data obtained from Integrated Assessment Models (IAMs) and estimates of the costs, coming from our Direct Emissions (Scope 1) Climate VaR model, passed through from electricity producers to final consumers, to compute an "Electricity Use Climate VaR" metric.

Value Chain Climate VaR (Scope 3)

MSCI ESG Research has developed a model to calculate the potential risk a company faces from activities embedded within its value chain. A company's Scope 3 footprint is separated into upstream and downstream elements. A company's exposure to upstream emissions can add input costs, whereas downstream emissions exposure can lead to a company's loss in market share due to shifts in demand. The model assesses both sides of the supply chain independently to compute a company's "Value Chain Climate VaR."

Technology Opportunity Climate VaR

MSCI ESG Research has developed a Low-Carbon Technology Opportunity model based on a company's current low-carbon revenue streams and company-specific patent data. Recently published patent databases allow an evidence-based view into the strategic investments in research and development by companies. Using granted, low-carbon patents as a proxy for low-carbon innovative capacity, the Technology Opportunity model computes a company's "Technology Opportunity Climate VaR" to identify which companies might benefit from the implementation of long-term climate stabilization targets on a global level.

Physical Climate VaR

Physical climate scenarios define possible consequences from increased concentration of GHG emissions. The scenarios contemplate changes in global temperatures, precipitation levels and extreme weather events. MSCI ESG Research uses scenarios that consider current and future developments in extreme weather between now and the end of the century.

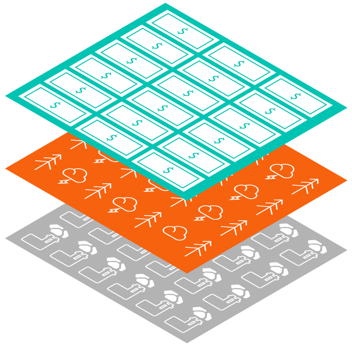
The physical climate scenarios modeled by MSCI ESG Research evolve over time and currently include the costs of extreme weather events relating to extreme heat, cold, rainfall, snowfall and wind gusts, as well as tropical cyclones, coastal (from sea-level rise) and fluvial flooding, river low flow and wildfires.

Physical climate impacts vary greatly depending on geographical positioning. Hence, MSCI ESG Research employs global gridded data for assessing physical impacts. To model high-resolution spatial distributions of extreme weather impacts across the globe, MSCI ESG Research has produced a global Cartesian grid with a resolution of up to 3" x 3" (approx. 90 meters in mid-latitudes) for acute risks such as coastal and fluvial flooding. For chronic risks such as extreme heat, a grid resolution of 0.5° x 0.5° is used. The global coverage (reaching across all land-covered area) has a cell width in mid-latitudes of around 50 kilometers.

Cost modeling

To quantify physical risks, MSCI ESG Research uses a risk assessment framework, which can be represented at a high level as follows:

Expected cost = Vulnerability x Hazard x Exposure



Vulnerability
Cost function

Hazard
Extreme weather

Exposure
Company facility

Implied Temperature Rise

In the updated Implied Temperature Rise model utilized in 2022, a company's temperature is measured by starting with its 1.5°C-aligned carbon budget. A company's absolute carbon budget for Scope 1, 2 and 3 emissions is allocated based on global and sector budgets to companies and using revenue as a proxy for fair allowance share.

To calculate Implied Temperature Rise, we project each company's annual emissions through 2050, including any reduction targets, and adjust them for credibility. For Scope 1 and 2, we use estimated emissions when reported emissions are not available. For Scope 3, we use estimated emissions to overcome inconsistencies in company reporting. For emissions not covered by publicly available climate-related targets, we assume a 1% annual emissions growth.

We then measure how much a company is projected to over- or undershoot the allocated emissions budget. We use the science-based metric known as Transient Climate Response to Cumulative Emissions (TCRE) factor to translate the relative budget overshoot into a degree of temperature rise. The Implied Temperature Rise assesses the rise in average temperatures were the entire global economy to have the same carbon budget over- and undershoot as the company in question.

Appendix 5: MSCI scenario analysis

MSCI's scenario analysis
We are committed to regularly updating our scenario analysis and will review the frequency ahead of our next TCFD report. Our scenario analysis below was conducted in 2022 using 2021 financial year data.

Our scenario analysis reported that MSCI's aggregate Climate VaR is -1.32%, which means the Company's valuation can be reduced by -1.32% in a 2°C mid-range and aggressive physical risks outcome. Looking more closely at the Climate VaR result, we identified that the main contributor is Physical Climate VaR, as -0.05% of the Climate VaR comes from Policy Climate VaR, while -1.27% comes from Physical Climate VaR. The analysis examines policy risks and technology opportunities under five different scenarios:

1. Integrated Model to Assess the Global Environment 2°C, Shared Socioeconomic Pathways 1 (IMAGE 2°C SSP1): Gradual action scenario relying on renewable power generation and the electrification of the transport sector, with net-zero emissions achieved in 2090.

2. Asia-Pacific Integrated Assessment Model/Computable General Equilibrium 1.5° (AIM/CGE 1.5°C): Early ambitious action, with emissions peaking in 2020 and net-zero achieved in 2055, limiting global warming to 1.3°C by the end of the century. Major emphasis on renewable energy, with 85% of electricity generation coming from renewable sources in 2050.

3. AIM/CGE 2°C: Early action 2°C scenario, with emissions peaking in 2020 and 90% reduction by 2090, but emissions levels never reach net-zero. This results in a warming of 1.62°C in 2100.

4. AIM/CGE 2°C Late: Late action 2°C scenario, with emissions peaking in 2020 but reductions not starting until 2030 and net-zero reached in 2060, resulting in warming of 1.8°C at the end of the century.

5. AIM/CGE 3°C: Limited policy action, with emissions slowly decreasing over time but never reaching net-zero, limiting warming at the end of the century to 2.8°C.

In addition, the analysis considers two scenarios to assess the physical risk exposure of MSCI to determine an aggregated Physical Climate VaR. The scenario analysis factored the effects of extreme weather events into both aggressive and average physical risk outcomes. This physical risk scenario analysis reports an impact on valuation that would come mainly from tropical cyclones, extreme heat and coastal flooding, which, taken together, would lower MSCI's valuation by 1.27% in the aggressive outcome.

We believe that the nature of MSCI's business as a service provider of tools and solutions to the investment industry helps limit the impact of many common physical risks of climate change. We believe that our geographic flexibility, ability to adapt to potential climate shifts and support of net-zero goals will help our efforts to limit the impact of transition and physical risks stemming from climate change.

Figure 9: Overview of Climate VaR analysis for MSCI[1]

Policy risk		Low Image/ SSP1	Mid-range aim CGEQ	High aim CGE late
Direct Emissions	**3°C Scenario**		-0.00%	
	2°C Scenario	**-0.00%**	**-0.00%**	**-0.00%**
	1.5°C Scenario		-0.00%	
Electricity Use	**3°C Scenario**		-0.00%	
	2°C Scenario	**-0.00%**	**-0.02%**	**-0.05%**
	1.5°C Scenario		-0.04%	
Value Chain	**3°C Scenario**		-0.00%	
	2°C Scenario	**-0.00%**	**-0.02%**	**-0.06%**
	1.5°C Scenario		-0.07%	
Technology opportunities				
3°C Scenario			+0.00%	
2°C Scenario		**+0.00%**	**+0.00%**	**+0.00%**
1.5°C Scenario			+0.00%	

Physical risk	Aggressive	Average
Coastal flooding	-0.18%	-0.12%
Extreme cold	+0.00%	+0.01%
Fluvial flooding	-0.01%	-0.01%
Extreme heat	-0.26%	-0.22%
Precipitation	+0.00%	+0.01%
River low flow	N/A	N/A
Extreme snowfall	+0.00%	+0.00%
Tropical cyclones	-0.92%	-0.33%
Wildfire	-0.00%	-0.00%
Extreme wind	+0.00%	+0.00%
Aggregated Physical Climate VaR	-1.27%	-0.66%

The Aggregated Climate VaR is the sum of the Climate VaRs for each climate scenario that has been evaluated for MSCI: policy risk, technology opportunities and physical risk.

Aggregated Climate VaR **2°C mid-range and aggressive physical climate risk scenarios**	-1.32%

Source: MSCI ESG Research, June 2022

1 IMAGE/SSP1: Integrated Model to Assess the Global Environment/Shared Socioeconomic Pathways AIM CGE: Asia-Pacific Integrated Assessment Model/Computable General Equilibrium.

Appendix 5: MSCI scenario analysis continued

As the Direct Emissions Climate VaR captures future costs related to reducing direct (Scope 1) emissions and MSCI's direct (Scope 1) emissions are very low, the risks associated with these emissions are low. Therefore, MSCI's Direct Emissions Climate VaR is zero. In addition, MSCI does not have direct exposure to clean technologies and does not hold any low-carbon patents, and therefore the Technology Opportunity Climate VaR is zero for MSCI.

Physical risk scenarios are essential to projecting the potential impact of extreme weather caused by increased levels of GHG emissions in the atmosphere. Such scenarios model the physical effects of changes in the climate, including temperature and sea level rise, as well as changes in the frequency and severity of specific extreme weather events. MSCI ESG Research has established the current level of climate-related physical risk from 10 distinct hazards to physical facilities, modeled how such risks may change under different climate scenarios, and projected the impact of these hazards for each physical facility.

Physical climate risk to the Company by hazard

The chart below illustrates the impact of physical risks expressed as a percentage change of the net present value of the Company over the remainder of this century that could result from the aggregate effect of extreme weather events. It shows that tropical cyclones, extreme heat and coastal flooding present the greatest risk to this company's facilities.

AIM CGE: Asia-Pacific Integrated Assessment Model/Computable General Equilibrium

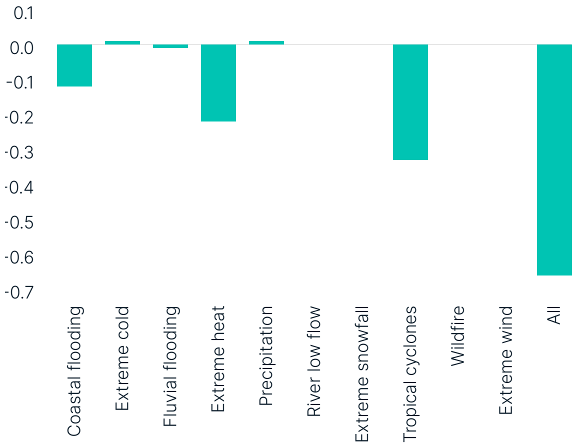
AIM CGE Late: Asia-Pacific Integrated Assessment Model/ Computable General Equilibrium Late action

Average scenario: The average scenario is the probable change in physical climate risk and is calculated by considering the expected average value of the cost distribution.

Aggressive scenario/Worst case scenario: This represents a more severe future physical climate and is derived from the 95th percentile of the cost distribution and explores the most serious downside risk within the distribution tail.

Figure 10: MSCI's potential exposure to physical risks by hazard

MSCI's average risks by hazard



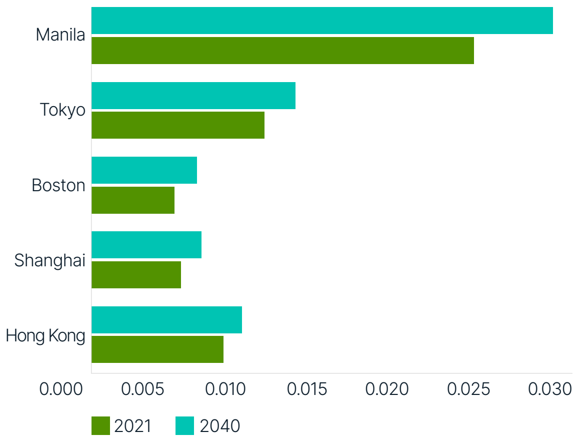
Source: MSCI ESG Research, June 2022

Acute physical risk exposure: Tropical cyclones

The graph below shows the major office locations[1] of the Company with the biggest change in potential exposure to tropical cyclones. The current exposure is a measure of today's average relative exposure to the asset caused by tropical cyclones in relation to the value of the asset. The future exposure is a measure of the average relative exposure to the asset (in relation to the value of the asset) in 2040 from tropical cyclones based on the average outcome of a future physical risk scenario. If this value is higher than the current exposure to tropical cyclones, the asset is projected to be exposed to more frequent or intense tropical cyclone events. MSCI ESG Research models the risk based on the difference between the current exposure and future exposure.

Figure 11: Overview of MSCI's major office locations with the biggest change in potential exposure to tropical cyclones

Annual relative damages (%)



Source: MSCI ESG Research, June 2022

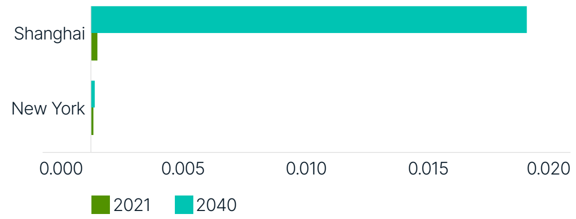
1 Locations with more than 40 full-time employees (as of Dec. 31, 2021) are classified as major assets.

Acute physical risk exposure: Coastal flooding

The graph below shows major office locations with the biggest potential change in exposure due to coastal flooding. The current exposure is a measure of today's average relative exposure to the asset caused by coastal flooding in relation to the value of the asset. The future exposure is a measure of potential average relative exposure to the asset (in relation to the value of the asset) in 2040 from coastal flooding based on the average outcome of a future physical risk scenario. If this value is higher than the current exposure to coastal flooding, the asset is projected to be exposed to more frequent or intense coastal flooding events. MSCI ESG Research models the risk based on the difference between the current exposure and future exposure.

Figure 12: Overview of MSCI's major office locations with the biggest change in potential exposure to coastal flooding

Annual relative damages (%)



Source: MSCI ESG Research, June 2022

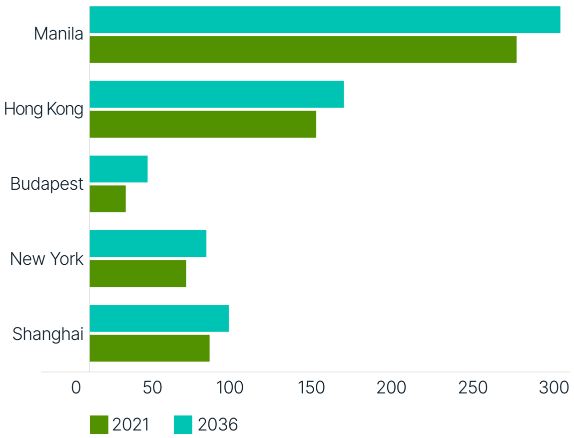
Appendix 5: MSCI scenario analysis continued

Chronic physical risk exposure: Extreme heat

The chart below shows the major office locations with the biggest potential change to exposure due to extreme heat. The current exposure is a measure of the estimated number of days per year in which the location may be exposed to extreme heat. The future exposure is a measure of the estimated number of days in 2036 that the location asset could be exposed to extreme heat based on the average outcome of a future physical risk scenario. If this value is higher than the current exposure to extreme heat, the asset is projected to be exposed to more frequent extreme heat events in the future. MSCI ESG Research models the risk based on the difference between the current exposure and future exposure.

Figure 13: Overview of MSCI's major office locations with the biggest change in potential exposure to extreme heat[1]

Heating days (above 30°C)



Source: MSCI ESG Research, June 2022

Our Business Continuity Planning and Crisis Management teams also monitor locations for their exposure to various physical hazards.

In addition to the extreme weather events assessed by the model, we proactively monitor other issues that have the potential to impact our employees and our operations. For example, as of the date of this analysis, employees in our Monterrey, Mexico office are experiencing water shortages across the metropolitan area due to drought conditions and years of below-average rainfall. While our commercial operations remain unimpacted by the water shortage, our Business Continuity Planning and Crisis Management teams are monitoring the situation and prioritizing actions to protect the health and safety of our employees.

In addition, an example of how the Climate VaR results directly influenced MSCI's business objectives and strategy is our choice of a second location in Pune, India, which is approximately 100 miles inland from Mumbai and at a higher elevation. We considered other locations, such as Hyderabad and Bangalore, but decided on Pune for several reasons, including those related to longer-term climate risks.

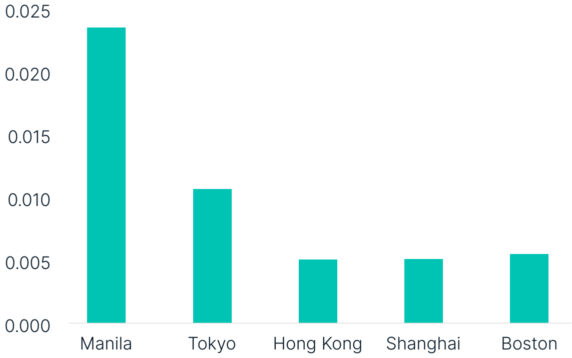
Figure 14: MSCI's most exposed offices to extreme heat in 2021[1]

Heating days (>30°C) per year in 2021

Source: MSCI ESG Research, June 2022

Figure 15: MSCI's most exposed offices to tropical cyclones in 2021[1]

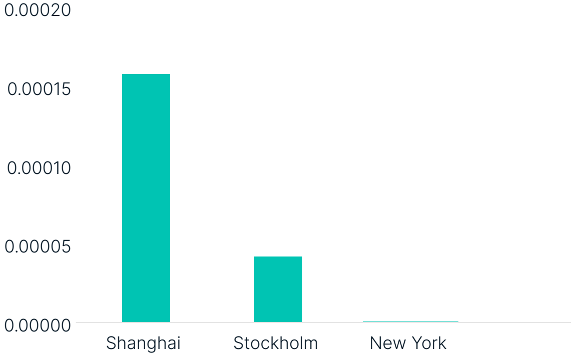
Annual relative damages (%) due to tropical cyclones



Source: MSCI ESG Research, June 2022

Figure 16: MSCI's most exposed offices to coastal flooding in 2021[1]

Annual relative damages (%) due to coastal flooding



Source: MSCI ESG Research, June 2022