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MSCI Energy Transition Index

Clarity for Strategies Built to Last

September 2026

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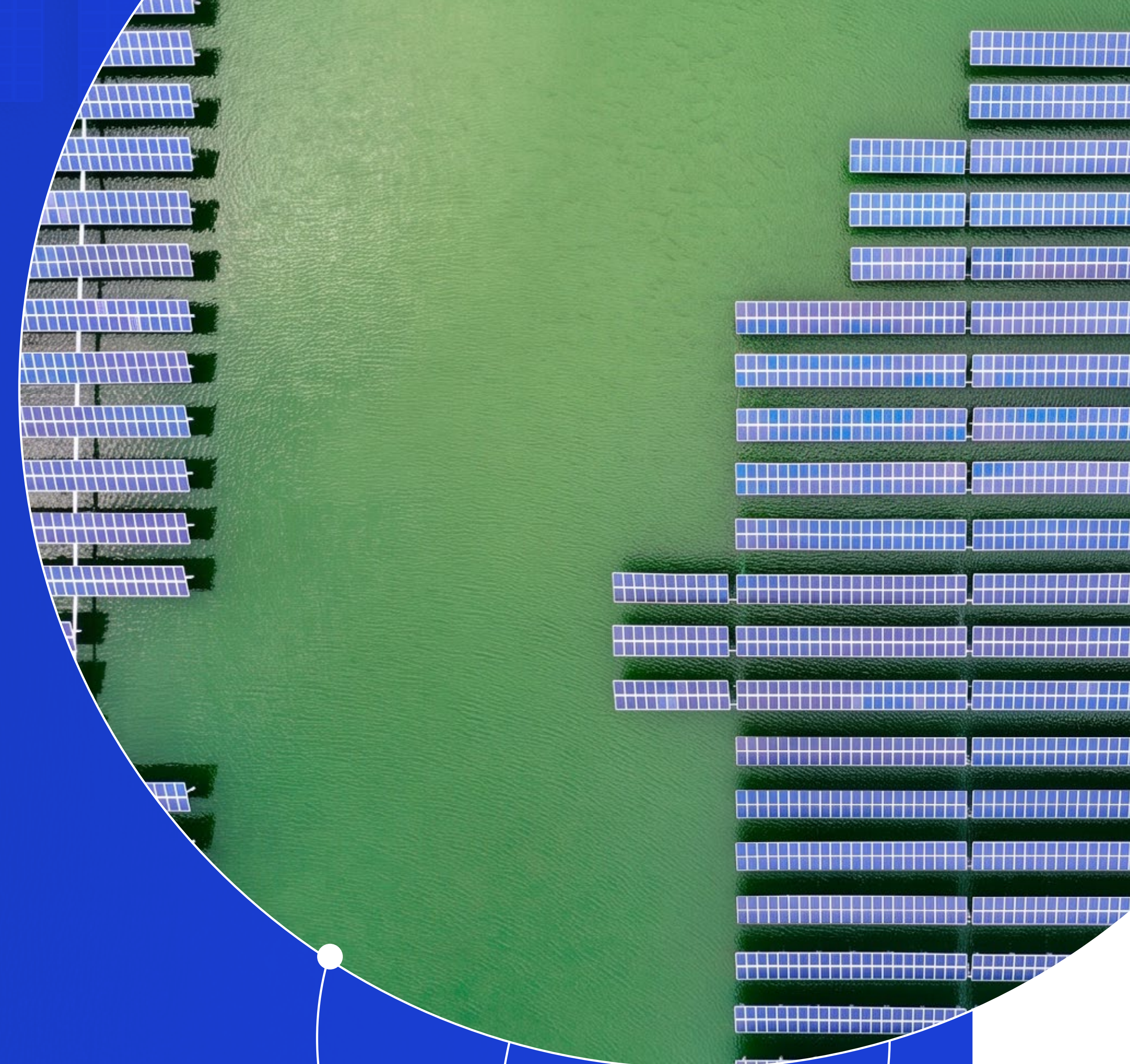

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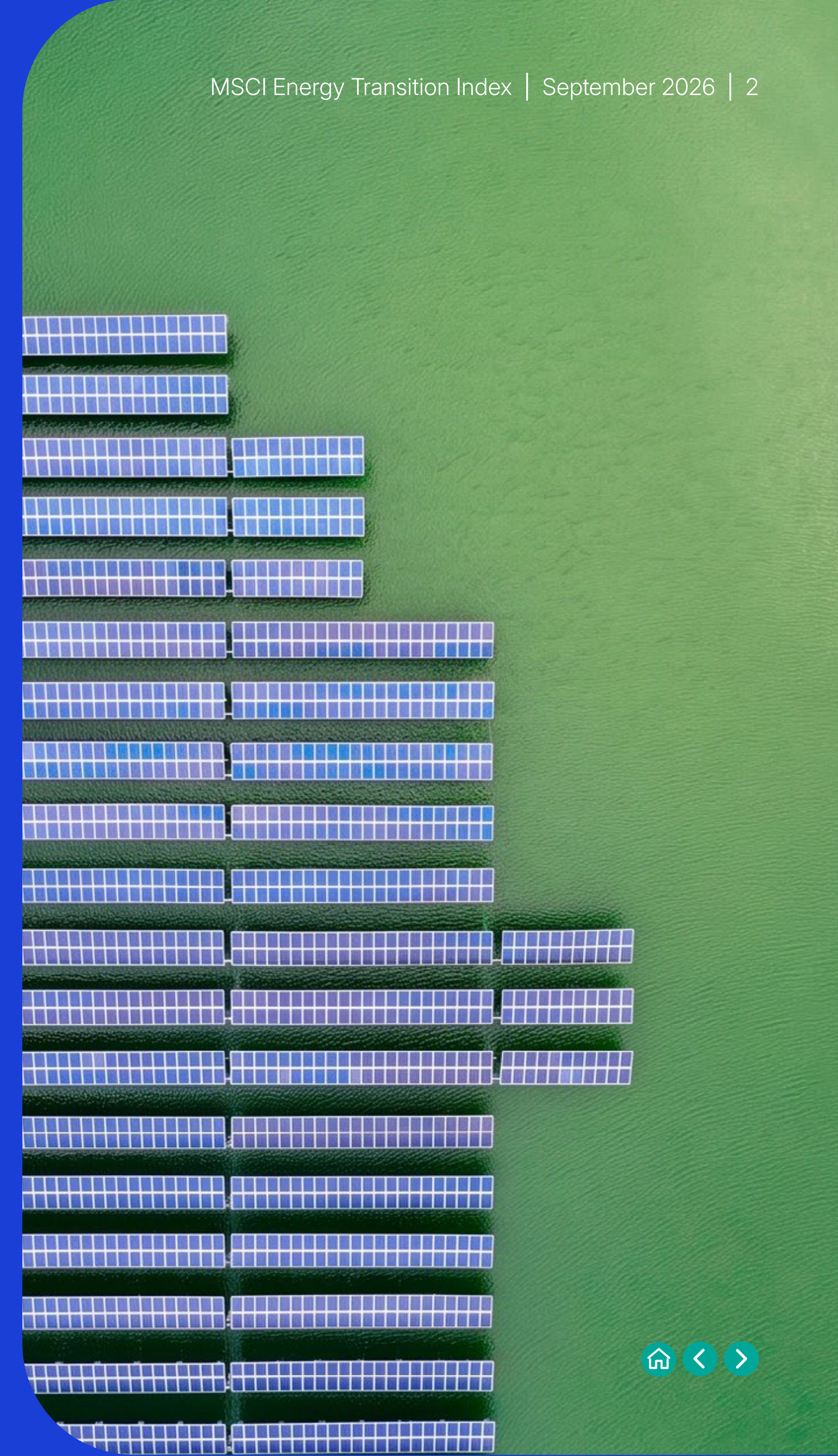


Clarity for strategies built to last

Markets move. Policy shifts. Clients' expectations and climate strategies evolve. What doesn't change is the need for clarity — a clear view of which companies are genuinely prepared for the transition to a cleaner, more resilient global economy and which only look that way on paper.

The MSCI Energy Transition Index is built to provide that clarity. It's a broad, index designed to represent companies based on their transition preparedness, while seeking to remain broadly representative of its parent index. It assesses how companies are positioned to remain resilient and capture opportunities as the economy changes, without asking you to give up the market exposure your strategy depends on. It isn't a departure from the climate strategies you've already built. It's the next chapter in them.

The next step, not a new direction

Few clients built their climate approach in a single step. The path usually runs from early low-carbon and fossil-fuel-free approaches, to Paris-aligned and Climate Transition benchmarks focused on portfolio decarbonization, then to more concentrated strategies designed to actively finance the transition.

The Energy Transition Index builds on that evolution. It provides a broader index representation of transition-readiness characteristics than more concentrated approaches — not a replacement for them or an argument against the approaches you've already committed to. If a concentrated transition strategy is the focused bet, this index is the market-wide expression of the same conviction: the index methodology assigns greater weight to companies assessed as better prepared for the transition. It is also designed for asset owners who may have a fiduciary duty to allocate capital to companies whose businesses are more likely to remain resilient or even prosper through the transition.

Built on a foundation you already trust

The index is built directly on the MSCI ACWI® Index — the same broad, global universe that underpins benchmarks you already use. That heritage matters. It means the index inherits ACWI's breadth, its depth of coverage, and its history of institutional use, rather than asking you to underwrite a new, narrow universe from scratch.

ACWI is where the Index launches first, but not where it stops. MSCI is also launching Energy Transition Indexes on MSCI World, MSCI EAFE® and MSCI Emerging Markets — so you can apply the same transition-readiness approach to the specific regional exposure your strategy already runs on.

That breadth is a deliberate design choice, not a compromise on climate conviction. A broad universe with minimal exclusions keeps the Index behaving like the market you know, while leaving room to build more concentrated, customized versions for clients who want to go further.

Real transition, beyond paper decarbonization

Many climate approaches lower a portfolio's carbon number by excluding or underweighting high emitters. The number improves. The real economy doesn't necessarily follow.

The Energy Transition Index takes a different view. It retains high-emitting companies in the index universe while assigning relatively greater weight to those with credible, executing plans to manage that pressure, and away from those that are falling behind. Decarbonization becomes a byproduct of real business change rather than an artifact of portfolio construction.

Over time, this shows up in the numbers too: in an illustrative historical comparison, the Index's carbon intensity has converged with and at times moved ahead of its parent benchmark. This was achieved not through portfolio-level or "paper" decarbonization but through the selection of companies that have reduced their carbon intensity through their own business activities — demonstrating the Index's ability to identify transition leaders.

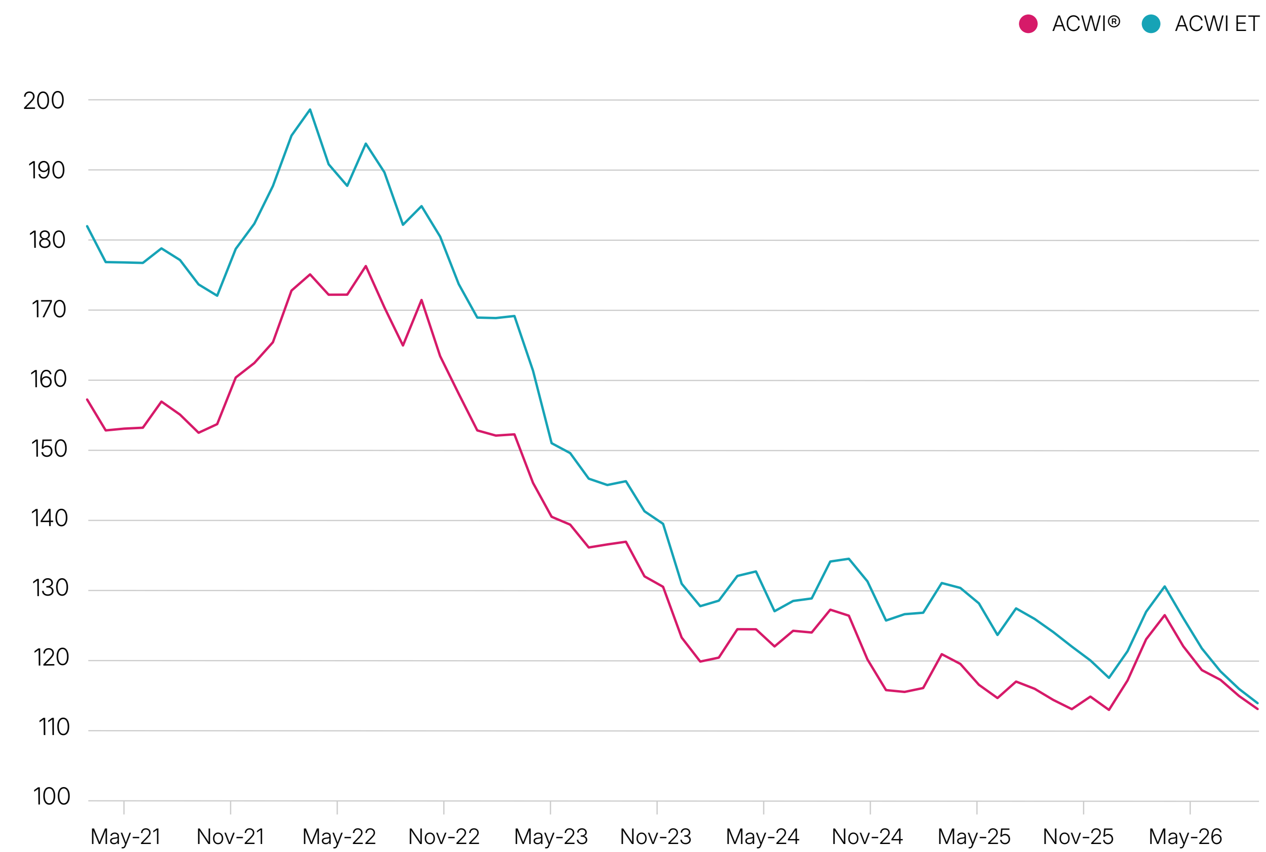
In this illustrative historical period, these companies exhibited lower carbon intensity through their business activities.

Over the analyzed period, the simulation scope 1+2 portfolio carbon intensity at a rate approximately 9.5 percentage points greater than the MSCI ACWI® Index.

Maintained holdings have seen a reduction in emissions intensity by 5.2% while the MSCI ACWI® Index experienced 1.1% increase.

Carbon Intensity (Emissions/Sales)

June 2011 – April 2026



1. Risk and return are annualized. Past performance is not an indication of future performance.

A framework built for clarity

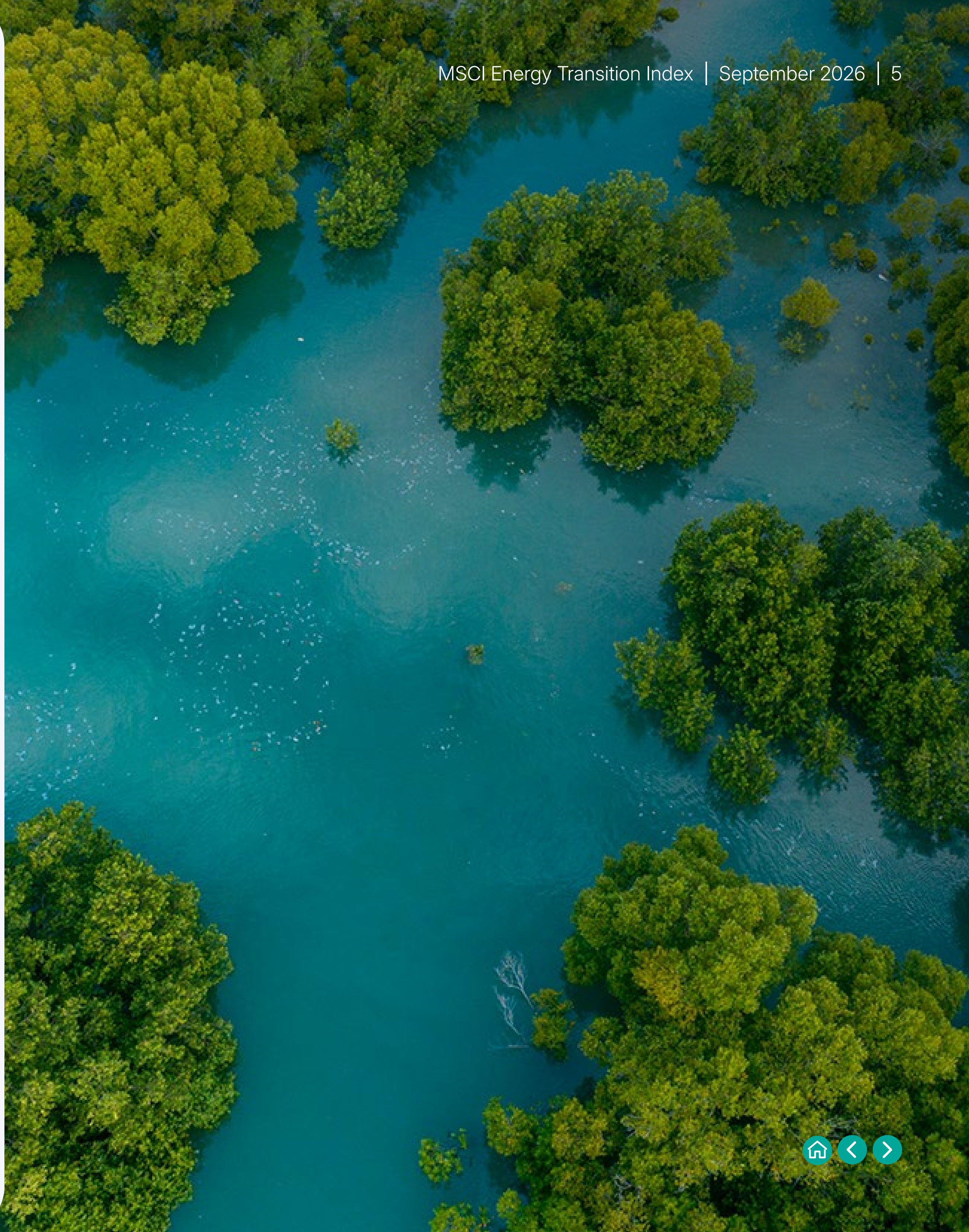
MSCI owns and calculates the data behind this Index, rather than relying on third-party inputs for its Energy Transition Framework. That ownership matters: scores are calculated using MSCI's unadjusted framework rather than adjustments based on sector, region or company size. It's also why, in early methodology consultations, some clients told us directly that this unadjusted, in-house data was exactly what they wanted.

At its core, this is a financial materiality signal, not a values screen. It's built to give investors a common language: a consistent, rules-based way to assess and compare financially material transition risk and readiness across companies and sectors, evaluated across more than 11,000 companies globally and integrated with the MSCI ACWI® universe this Index is built on. The same financial-materiality principles that underpin MSCI ESG Ratings sit behind it.

The framework rests on two forward-looking, statistically tested measures, each looking out over a five- to seven-year horizon:

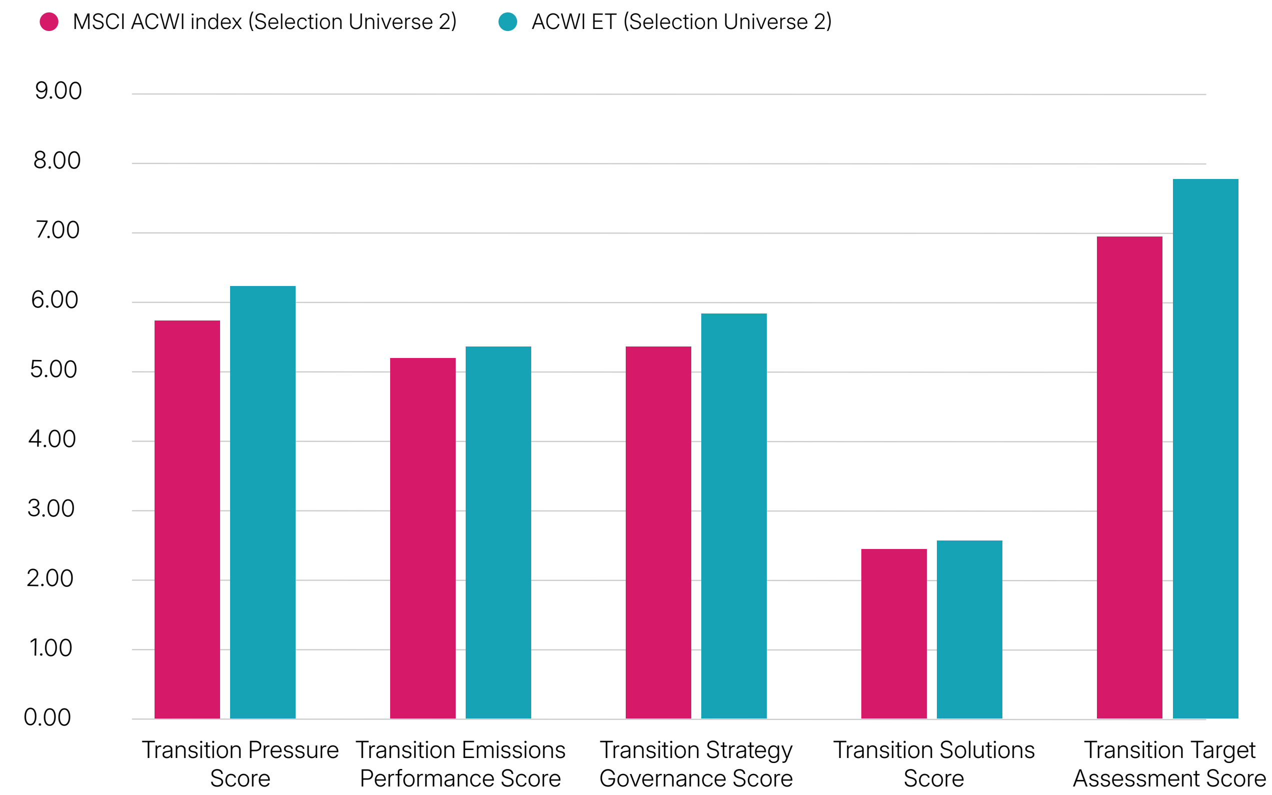
- **Transition Pressure** — How much structural pressure a company faces from the shift to a low-carbon economy. It combines policy pressure (a company's geographic exposure and the policy commitments of the markets it operates in) with business pressure (its expected emissions intensity and its exposure to technology disruption).

- **Transition Readiness** — How well that company is actually responding, built from four components: strategy and governance (board oversight, pay, and capital allocation), company targets (how complete they are, the progress made, and whether they're externally verified, including through the Science Based Targets initiative), emissions performance (current intensity and its trend), and transition solutions (revenue from transition-related products and its technology readiness).



Transition pressure score and components

Transition readiness score and components



For companies facing medium-to-high transition pressure, the MSCI Energy Transition Index maintains a broadly comparable pressure profile to MSCI ACWI® (4.64 vs. 4.52), while exhibiting higher Transition Readiness (6.20 vs. 5.72). This stronger readiness is led by Targets (7.78 vs. 7.00) and Strategy & Governance (5.86 vs. 5.34), highlighting the Index's greater exposure to companies demonstrating stronger preparedness to navigate the energy transition.[1]

Designed to perform like the market you know

A transition view is only useful if it doesn't cost you the diversification and risk characteristics your strategy relies on. Keeping tracking error as low as possible is a deliberate design choice: the Index is built to track its MSCI ACWI® parent closely — broad coverage, modest turnover, and risk and return characteristics that stay close to the benchmark — while still integrating financially material climate considerations. The result is a transition tilt that shows up as an active view, not a departure from the market you already know.

Relative Performance

In an illustrative historical backtest covering (May 2021 to Aug 2026), the Index delivered a total return of 12.3% versus 11.8% for MSCI ACWI® Index, with marginally lower total risk (14.5% versus 14.7%) and a Sharpe ratio of 0.59 versus 0.55. Tracking error came in at 0.7%, with a historical beta of 0.99 to the parent index and modest annual turnover of 6.6%.

That low tracking error was evident in both rising and falling markets. In the backtest, the Index captured 100% of MSCI ACWI®'s upside in rising markets and 97.5% of its downside in falling ones, suggesting that the transition tilt didn't add asymmetric risk in either direction. Low tracking error and close alignment with the parent index's sector and country exposures have also been recurring themes in early methodology consultations with asset owners and consultants across EMEA and the Americas. During the May 2021–Aug 2026 illustrative historical backtest, simulated performance remained closely aligned with the parent index. Results may vary over other periods. [2]

2. Risk and return are annualized. Past performance is not an indication of future performance.

The analysis and observations in this report are limited solely to the period of the relevant historical data, backtest or simulation. Past performance — whether actual, backtested or simulated — is no indication or guarantee of future performance. None of the information or analysis herein is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision or asset allocation and should not be relied on as such.

A customizable foundation, not a finish line

Because the Index starts from a broad, benchmark — whether ACWI or one of its regional counterparts — it's also a starting point. Clients may direct MSCI to apply specified constraints or methodology parameters in a custom index, just as our Custom Indexes extend other MSCI benchmarks today.

Why MSCI

Indexing is the foundation of MSCI's business, with more than 50 years of experience, including over 30 years building sustainability and climate indexes. Our research teams maintain the data behind this Index to help ensure its quality and accuracy. We develop our sustainability and climate indexes in ongoing dialogue with clients, helping our indexes keep pace with clients' evolving needs.

About the data in this brochure

The Index name used in this brochure is a working name and has not yet been finalized. Performance, risk and turnover figures referenced here are drawn from historical simulation only, not live index results and are not a guarantee or prediction of future performance. All such figures are subject to legal and compliance review and will be updated once the Index is live and results are confirmed.

Talk to us

Clarity for strategies built to last starts with a conversation. To discuss the MSCI Energy Transition Index, its' methodology or available custom-index options please contact your MSCI representative or visit msci.com.

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