






# Sustainability and Climate Indexes November Review

MSCI conducts regular index reviews to ensure its Sustainability and Climate indexes remain aligned with their underlying objectives, regulatory requirements, and sustainability and climate data innovations.







## Each quarterly review follows a structured, multi-phase process:

-  **Data quality checks:** as soon as the month-end data becomes available, robust quality controls are applied to identify and review any significant shifts in security level data.
-  **Internal simulations and analysis:** using the latest available data, MSCI conducts daily internal “mock” reviews to evaluate index level impacts, verify compliance with methodology rules, and assess index quality.
-  **Global market cap indexes announcement:** market capitalization indexes are the starting point for all derived indexes, so changes to their composition will directly impact those indexes.
-  **Derived indexes pro forma results publication:** once the market cap results are published, MSCI conducts again new “mock” reviews of the derived indexes and then starts publishing the pro forma results daily.
-  **Index review implementation:** on the effective date, updated indexes go live for both market cap indexes and derived indexes, such as Sustainability and Climate indexes.

In some quarters, the review also includes methodology updates, either initiated by MSCI or requested by clients. These updates may address areas such as screening enhancements or alignment with regulatory frameworks.

## Index review: Key dates for Sustainability and Climate Indexes<sup>1</sup>

-  **Prior month-end:** Sustainability & Climate inputs snapshot.
-  **T-15:** Global Market Cap indexes announcement.  
Proforma results for market cap indexes start to be published daily.
-  **T-9:** Proforma results for derived indexes start to be published daily.
-  **T:** Index review effective date.

<sup>1</sup> Approximate timelines, may vary

## November 2025 Index Review

This review saw a few changes in index methodologies resulting from MSCI consultations and/or framework updates.

In addition, approximately 40 custom indexes had a methodology change at the November 2025 Index Review.

### Changes to standard and custom CTB/PAB indexes: Base Date reset

During the November review, MSCI implemented the default approach to adjust the decarbonization trajectory in accordance with the updated [MSCI EU CTB/PAB Index Framework](#).

### Changes to MSCI Low Carbon Target Indexes

Following an earlier consultation, MSCI enhanced the Low Carbon Target Indexes methodology and introduce a guaranteed minimum 30% reduction in carbon exposure (covering both carbon emissions intensity and potential emissions intensity) relative to their respective parent indexes.

## Why Turnover Matters

Index turnover usually refers to the percentage of index constituents that are added or deleted during an index review, typically expressed as a percentage of the index weight.

Turnover is directly related to transaction costs for portfolios tracking a given index: the higher the turnover, the higher the transaction costs. That said, these regular changes from index reviews are needed to ensure that indexes remain aligned with their underlying objectives.

## November 2025 Index Review: Impact

In the context of MSCI's Sustainability and Climate Indexes, turnover will reflect both changes to the parent indexes (market cap indexes) and changes required to keep indexes aligned with their objectives.

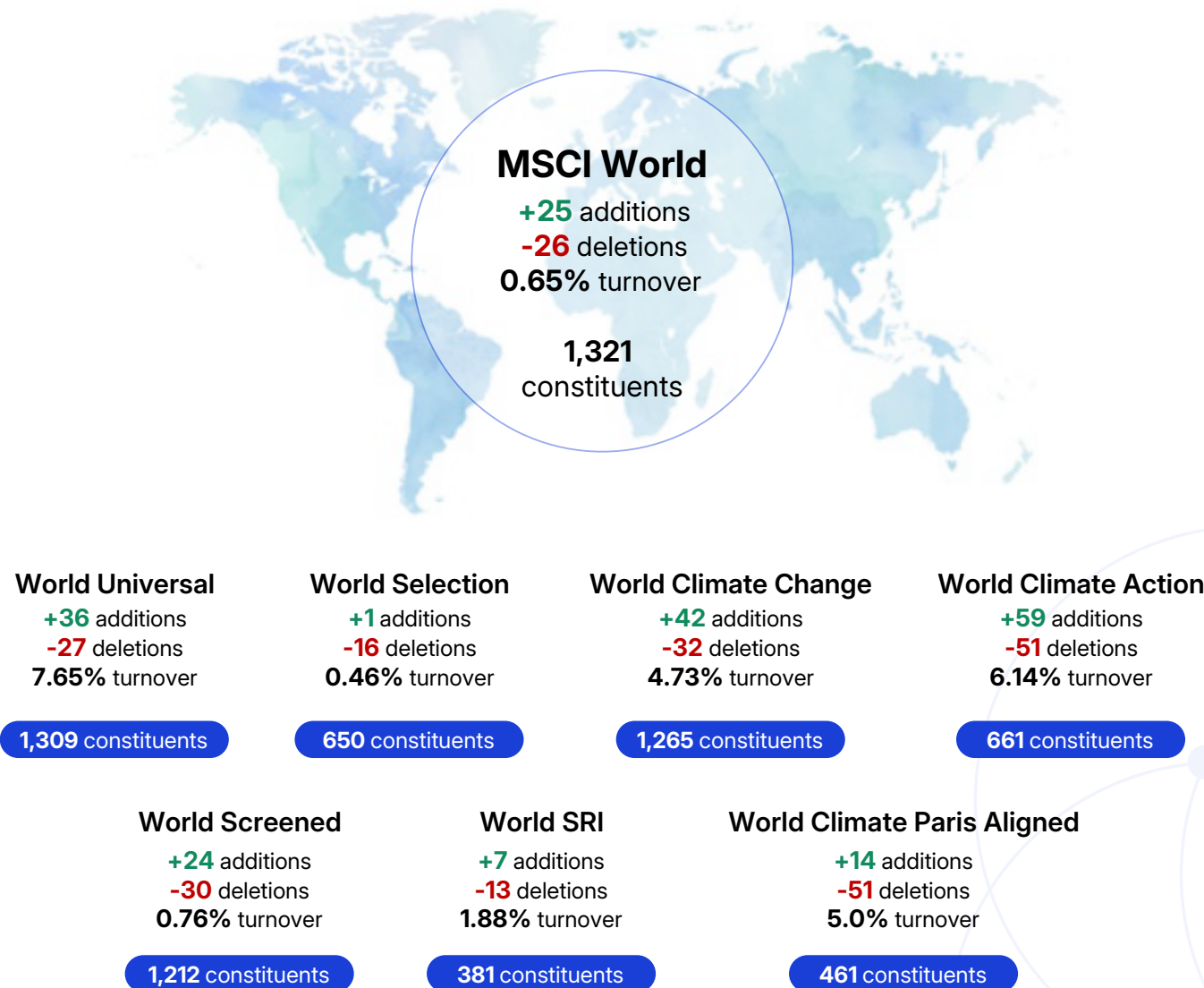
In addition, methodology changes may have an impact on turnover, as the index needs to course correct to reflect those changes. Even methodology changes that are designed to reduce turnover over the longer term may lead to a temporary increase in turnover when they are first implemented.

One final point to consider is that not all index reviews are the same. Most Sustainability indexes like MSCI SRI Indexes and MSCI Selection Indexes undergo a comprehensive annual review each May, which is supplemented by quarterly maintenance reviews primarily to remove constituents that no longer meet eligibility criteria.

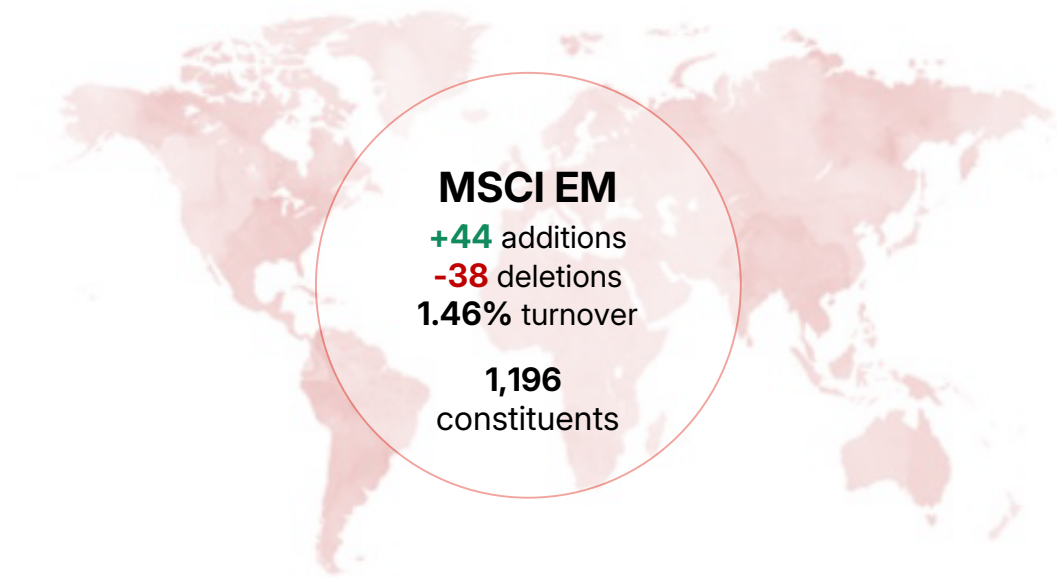
Similarly, indexes like Universal, Climate Change, Climate Action and Climate Paris Aligned undergo a comprehensive review in May and November, supplemented by maintenance reviews in February and August to remove constituents that are no longer in the Parent Indexes or that no longer meet the eligibility criteria.



## From Market Cap to Sustainability & Climate Indexes: World



## From Market Cap to Sustainability & Climate Indexes: EM



### EM Universal

**+59** additions  
**-39** deletions  
**13.18%** turnover

**1,152** constituents

### EM Selection

**+12** additions  
**-12** deletions  
**1.28%** turnover

**424** constituents

### EM Climate Change

**+61** additions  
**-39** deletions  
**9.90%** turnover

**1,100** constituents

### EM Climate Action

**+81** additions  
**-65** deletions  
**9.57%** turnover

**589** constituents

### EM Screened

**+40** additions  
**-38** deletions  
**1.65%** turnover

**1,094** constituents

### EM SRI

**+15** additions  
**-9** deletions  
**4.99%** turnover

**234** constituents

### EM Climate Paris Aligned

**+28** additions  
**-30** deletions  
**6.0%** turnover

**340** constituents

## What May Trigger Additions or Deletions to a Sustainability and Climate Index? A few examples.

- **Parent Index Eligibility:** If a company exits the parent index (e.g., MSCI World or EM), it is automatically removed from most derived indexes.
- **Sustainability & Climate Data Updates:** Significant shifts in emissions data, ESG ratings, green revenue share, or fossil fuel exposure may change eligibility.
- **Methodology Changes:** Enhancements to index construction rules, such as new thresholds or concentration caps, can alter which companies qualify.
- **Screen Failures:** Companies newly flagged for involvement in controversial business activities or non-alignment with climate goals are removed.

## Conclusion

The November review is usually a comprehensive review for most of MSCI's Sustainability and Climate indexes. This means that investors would have observed a greater number of changes to the indexes compared to the previous review in August.

## Sustainability and Climate Indexes Upcoming Methodology Changes

- MSCI Screened indexes. Following a client consultation, MSCI will implement changes to screening criteria and enhance the GHG Intensity Reduction process. Implementation for standard indexes: February 2026 Index Review.

## Sustainability and Climate Indexes Open Consultations

- No open consultation at this time.

Source: MSCI, Proforma data November 2025 review

Additions and deletions to Sustainability and Climate Indexes may be driven by changes in the underlying market cap index or by the respective methodology (including data changes)

## About MSCI

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.

To learn more, please visit [www.msci.com](https://www.msci.com).

The data, data feeds, databases, reports, text, graphs, charts, images, videos, recordings, models, metrics, analytics, indexes, assessments, ratings, scores, software, websites, products, services and other information delivered in connection with this notice (the "Information"): (a) are proprietary information of MSCI and its suppliers, (b) may not be used for commercial purposes without prior written permission from MSCI Inc. or its affiliates ("MSCI"), and (c) are not investment advice and must not be relied on as such. The Information and its use are further subject to the disclaimer at <https://www.msci.com/legal/notice-and-disclaimer>. As detailed therein, MSCI AND ITS SUPPLIERS MAKE NO EXPRESS OR IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR OTHERWISE WITH RESPECT TO THE INFORMATION HEREIN AND DISCLAIM ALL LIABILITY TO THE MAXIMUM EXTENT PERMITTED BY LAW. For information about how MSCI collects and uses personal data, refer to <https://www.msci.com/privacy-pledge>.