Explore MSCI Index Solutions

Sustainability and Climate Indexes May 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[1]

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.

[1] Approximate timelines, may vary

May 2026 Index Review

More than 30 indexes were impacted by methodology changes at the May 2026 Index Review, with updates communicated to clients.

Changes to MSCI Climate Action Indexes

Following a consultation that concluded in early 2026, MSCI implemented enhancements to the Climate Action Index methodology.

The primary change replaces the previous 50% by-count sector exclusion approach with a weight tilting mechanism based on each security's sector-relative climate transition credentials.

Additional changes include the simplification of the Carbon Risk Management Score, companies with Science Based Targets initiative (SBTi) approved targets are exempt from the GHG intensity and CRMS-based exclusions and the nuclear weapons exclusion is now based on Non-Proliferation Treaty (NPT) non-signatory country classification.

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.

May 2026 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.

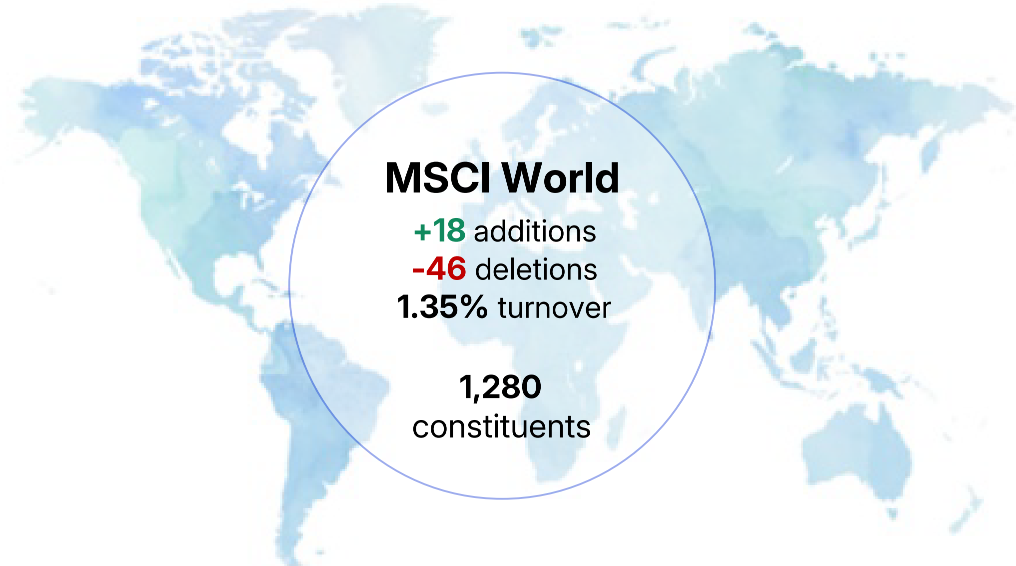
In addition, methodology changes may have an impact on turnover, as the index needs to course correct to reflect those changes. Even methodology changes that are designed to reduce turnover over the longer term may lead to a temporary increase in turnover when they are first implemented.

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.

Source: MSCI, Proforma data May 2026 review

From Market Cap to Sustainability & Climate Indexes: World



MSCI World
+18 additions
-46 deletions
1.35% turnover

1,280
constituents

World Universal
+38 additions
-45 deletions
7.8% turnove

1,309 constituents

World Selection
+79 additions
-72 deletions
6.6% turnover

650 constituents

World Climate Change
+39 additions
-45 deletions
3.3% turnover

1,224 constituents

World Climate Action
+384 additions
-40 deletions
24.7% turnover

992 constituents

World Screened
+20 additions
-44 deletions
1.4% turnover

1,173 constituents

World SRI
+59 additions
-59 deletions
11.9% turnover

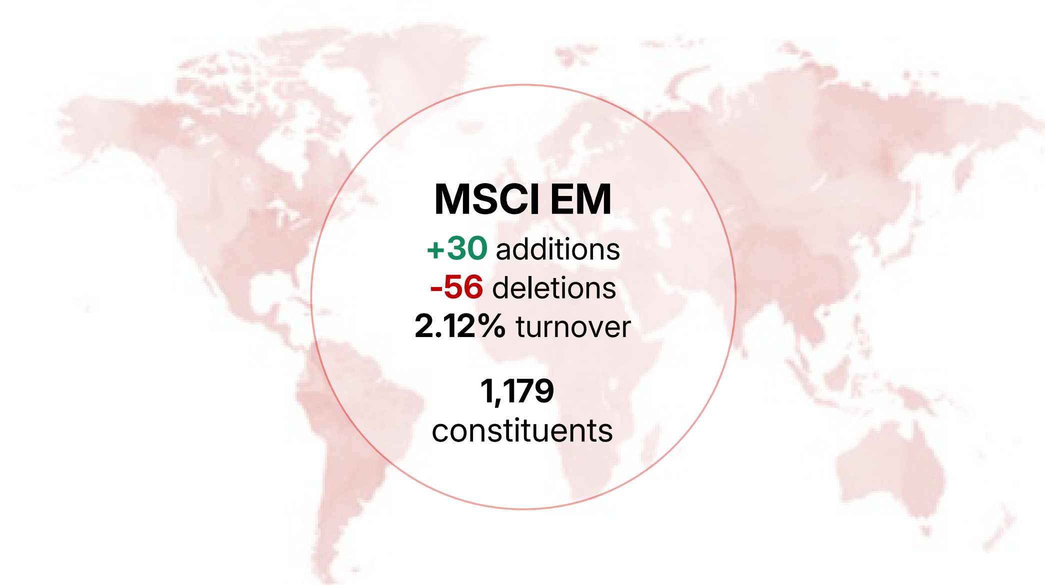
385 constituents

World Climate Paris Aligned
+18 additions
-51 deletions
5.0% turnover

418 constituents

Source: MSCI, Proforma data May 2026 review

From Market Cap to Sustainability & Climate Indexes: EM



MSCI EM

+30 additions
-56 deletions
2.12% turnover

1,179 constituents

EM Universal

+80 additions
-54 deletions
7.0% turnover

1,145 constituents

EM Selection

+60 additions
-47 deletions
15.8% turnover

431 constituents

EM Climate Change

+68 additions
-53 deletions
10.1% turnover

1,084 constituents

EM Climate Action

+306 additions
-44 deletions
33.6% turnover

840 constituents

EM Screened

+40 additions
-55 deletions
2.3% turnover

1,070 constituents

EM SRI

+31 additions
-44 deletions
14.9% turnover

220 constituents

EM Climate Paris Aligned

+11 additions
-12 deletions
5.0% turnover

331 constituents

Source: MSCI, Proforma data May 2026 review

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 May review is the primary comprehensive review for most of MSCI's Sustainability and Climate indexes. This means that investors would generally observe more changes to the indexes compared to the previous maintenance review in February. The implementation of the Climate Action methodology changes may also result in a higher turnover than would typically occur at this review, as indexes course-correct to the new methodology rules.

Sustainability and Climate Indexes Upcoming Methodology Changes

- There are planned methodology changes for our Climate Paris Aligned indexes in November 2026.

Sustainability and Climate Indexes Open Consultations

- No open consultations at this time.

Source: MSCI, Proforma data May 2026 review