MSCI Climate Transition Plan

Advancing our strategy, products and operations toward an ambitious net-zero pathway

November 2022

MSCI's Climate Transition Plan

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Overview[1]

The urgency of climate change action is accelerating, and sustainable investing is growing considerably as more investors and issuers use environmental, social and governance (ESG) and climate data and tools to support their investment decision-making. At MSCI, we believe we can speed progress toward a more sustainable planet through our ESG and climate solutions and our actions as a firm.

This report, along with the included index, provides visibility into how we are working to reduce our own carbon footprint. MSCI has recently taken steps to further integrate awareness of climate-related risks and opportunities into our business:

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This report contains information about MSCI that may include estimates, projections and statements relating to our business plans, objectives or expected operating results and statements regarding corporate responsibility and climate-related plans and goals that are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and Section 21E of the Securities Exchange Act of 1934. 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. In evaluating these statements, you should consider various factors, including the risks and uncertainties we describe in the "Risk Factors" sections of our Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q and other reports we file with the Securities and Exchange Commission ("SEC"). 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 our control and that could materially affect our actual results, levels of activity, performance or achievements. You should not place undue reliance on forward-looking statements, which speak only as of the date they are made. We do not undertake to update or revise any forward-looking statements except as required by law.

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. For additional information regarding MSCI, please see our current and periodic reports with SEC, including our Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q. Given the inherent uncertainty in predicting and modeling future conditions, caution should be exercised when interpreting the information provided.

- MSCI **commits to reach net-zero CO2e emissions across the value chain by 2040 from a 2019 base year**. Our science-based near-term, long-term and net-zero targets have been validated by the Science Based Targets initiative (SBTi).

- To demonstrate progress toward our 2030 near-term targets, **we set 2025 milestones** to achieve 100% renewable electricity, reduce our absolute Scope 1 and 2 CO2e emissions by 60%, and increase to 60% by spend our suppliers with science-based targets, in each case from a 2019 base year.

- We **accelerated initiatives to reduce our overall environmental impact**. We increased the use of renewable electricity at our office locations, decreased our commuting footprint by moving to hybrid work and implemented policies to promote the use of rail and other more environmentally friendly alternatives for business travel.

- We **intensified efforts to drive down emissions within our supply chain** — the source of 78% of our CO2e emissions in 2021— by developing a sustainable supplier management program to better integrate climate considerations into our supplier selection and prioritize our spend with suppliers aligned with our climate goals.

- In September 2021, MSCI **became a founding member of the Net Zero Financial Service Providers Alliance**, which unites leading index providers, credit rating agencies, accounting firms, financial exchanges and other suppliers of market infrastructure who have committed to align their products and services with the goal of global net-zero emissions by 2050 or sooner.

Our strategy is aligned with — and inspired by — our clients, shareholders, suppliers, employees and the communities in which we operate. Promoting a sustainable future is both the right thing to do and good business; we believe that our actions to reduce MSCI's carbon footprint will not only help lower our climate impact but also help us strengthen relationships with clients and attract and retain top talent.

Aligning with CDP and TCFD

Our Climate Transition Plan is aligned with the global frameworks for environmental and climate-related financial disclosures as set forth by the CDP and the Task Force on Climate-related Financial Disclosures (TCFD). In this document, we have referenced sections of our CDP and TCFD reports and we have included an index with the CDP Map of Climate Transition Plan Elements and references, and a mapping of those to the sections of our TCFD report, to produce this transition plan.

Net-zero target: Commit to reach net-zero CO2e emissions across the value chain by 2040 from a 2019 base year

MSCI is seeking to achieve a 90% reduction in absolute Scope 1, 2 and 3 CO2e emissions by 2040 from a 2019 base year as stated by our long-term science-based target. We would then look to use carbon offsets, as outlined by the SBTi, to offset the residual 10% of our carbon emissions to achieve net-zero emissions.

The Paris Agreement suggests that limiting temperature rise to 1.5 °C above pre-industrial levels is key to enabling a more sustainable future. According to MSCI ESG Research's Implied Temperature Rise analysis, our net-zero target and future emissions pathway would align with a temperature rise of 1.3°C. That level indicates how much the world temperature would increase if the whole economy adopted the same carbon undershoot, suggesting that MSCI's current temperature-rise trajectory is aligned with the goals of the Paris Agreement.[2]

We expect to continue refining our strategy to meet our goals. As this plan indicates, MSCI strives to review and update our commitments relating to our CO2e emissions. We anticipate that MSCI's trajectory of CO2e reductions will not be fully linear, and our plan will evolve over time to align with the latest science, the emergence of new and greener technologies, and as new data becomes available. As we revise our plans, we are committed to making our approach clear and transparent by regularly reporting our progress.

Near-term targets: Commit to reduce both absolute Scope 1 and 2 CO2e emissions by 80% by 2030 and Scope 3 absolute CO2e emissions by 50% by 2030, in each case from a 2019 base year

As with any long-term project and goal, we believe it is essential to set milestones along the way to help measure progress. In line with this logic, and our support of science-based targets, in 2022, we filed and received verification of our near-term, long-term and net-zero targets with the SBTi.

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[2] MSCI ESG and climate ratings, research and data are produced by MSCI ESG Research LLC ("MSCI ESG Research"), a subsidiary of MSCI Inc. MSCI ESG Indexes, Analytics and Real Estate offerings are products of MSCI Inc. that use information from MSCI ESG Research. MSCI Indexes are administered by MSCI Limited (U.K.). 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 development of the Implied Temperature Rise metric included herein for MSCI Inc. was conducted in the same manner and based on the same information available for other companies not affiliated with MSCI Inc., but the metric has 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 Implied Temperature Rise metric.

Commit to reduce absolute Scope 1 and 2 CO2e emissions by 80% by 2030 from a 2019 base year

As of year-end 2019, our baseline year, roughly 10% of MSCI's total greenhouse-gas (GHG) emissions were from Scope 1 and 2 combined, with the largest portion coming from Scope 2, specifically electric power.

To reduce our Scope 1 and 2 emissions, we focus on:

- Decreasing electricity consumption across our datacenters and offices.
- Managing new office growth toward locations with renewable electricity access.
- Purchasing Energy Attribute Certificates (EACs)[3].

In 2020, MSCI developed policies to enable employees to adopt hybrid work patterns, which has led to the reduction and/or elimination of office space in some locations. This trend continued in 2021 with a significant reduction of office space in Hong Kong; San Francisco, California; Boston, Massachusetts; and Norman, Oklahoma. Our smaller office footprint and adoption of a hybrid work environment shrank the carbon footprint of our physical operations. We recently reduced the size of our New York headquarters and have committed to a significant reduction of space in Mumbai, India, one of our largest offices. We are currently evaluating opportunities to implement additional office-level reductions.

In addition, we explored many opportunities related to resource efficiency and continually seek to do more, including by selecting office space in buildings certified by

[3] Energy Attributes Certificates (EAC) are issued as proof of electricity produced by renewable sources. Each EAC represents 1megawatt hour (Mwh) of green electricity.

the Leadership in Energy and Environmental Design (LEED) or Building Research Establishment Environmental Assessment Methodology (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.

As we adjust our offices or add new locations, we prioritize efficient space and renewable energy accessibility. We use a comprehensive sustainability checklist to evaluate all potential new office buildings to ensure MSCI offices meet high energy efficiency standards. For example, in 2021 MSCI's Zurich office was established in a building which received LEED Gold certification and our Budapest office was refreshed with motion-sensor controlled LED lighting and received LEED Platinum certification.

MSCI also annually reviews the acquisition of EACs to "green" the electricity we use. We purchased, for example, unbundled EACs for most global office locations in 2021. The newly purchased EACs covered 1,629 metric tons (mtons) of CO2e.

With this approach, we achieved in 2021:

- 94% renewable electricity across all operations.
- a 75% drop in market-based Scope 1 and 2 CO2e emissions from our 2019 baseline emissions.
- a 17% reduction of location-based CO2e emissions from our 2019 baseline emissions.

Commit to reduce absolute Scope 3 CO2e emissions by 50% by 2030 from a 2019 base year

To reduce our Scope 3 emissions — roughly 90% of our 2019 baseline emissions — we focus on:

- Engaging and influencing our suppliers to set climate goals similar to ours.
- Managing business travel and encouraging virtual meetings.
- Reducing the need for employees to commute to offices.

MSCI has created a Supplier Sustainability & Diversity Team (SS&D) within our Global Strategic Sourcing (GSS) organization. The SS&D team evaluates MSCI's suppliers. We convey to suppliers MSCI's values and expectations, including the environmental, climate, labor, human rights, and legal and regulatory compliance principles we expect them to uphold.

New suppliers are screened for commitment to emissions reductions, as demonstrated by their adoption of science-based targets. Existing suppliers are also subject to similar review and engagement discussions.

In 2022, MSCI launched a process to hold direct discussions with key suppliers that do not have clearly defined carbon reduction targets or commitments. These discussions include members of the GSS organization as well as senior-level MSCI management and other relevant business stakeholders.

We manage business travel levels with emphasis on sustainability. Our Travel Policy and processes feature:

- Guidelines that encourage virtual meetings instead of traveling.

- Requirement to use electric or hybrid vehicles if available whenever renting a car is necessary.
- Requirement to use pre-approved hotels with strong sustainability practices.
- Requirement to book economy instead of business for most air travel.
- Guidelines that encourage use of rail instead of air travel; we proactively identify for travelers city combinations where rail options are available and encouraged.
- Guidelines that encourage use of public transportation in lieu of cars or ride/taxi services.
- Options for booking flight and rail presented to travelers via our online travel booking tool, prioritized by level of emissions. Travel details, including emissions, are noted in pre-travel approval and regularly reviewed with managers.
- Tips for sustainable travel through a travel website and webinars aimed to educate travelers.

Our hybrid work policies also potentially lower emissions by decreasing employee commuting.

With this approach, we achieved a 2% drop in Scope 3 GHG emissions from our 2019 baseline emissions.

Employee Engagement

In addition to taking steps to lower Scope 3 emissions, we also believe that climate education and employee engagement on local climate action can help integrate a carbon-reduction focus across MSCI. As of December 2021, we had 22 Climate Action Network employee resource groups across our global offices working to increase awareness, engagement and management of local and global environmental issues.

These groups lead discussions on local and at-home climate aware practices such as increasing energy efficiency, renewable energy usage and water conservation.

We set 2025 milestones to achieve 100% renewable electricity, reduce our absolute Scope 1 and 2 CO2e emissions by 60%, and increase to 60% by spend our suppliers with science-based targets, in each case from a 2019 base year.

Our levers to achieve Scope 1and 2 emissions are as described above. To source 100% renewable electricity for our office usage and leased data centers, we plan to purchase EACs throughout the year to try to access renewable electricity in local markets, including those with scarcer supplies of green electricity on the grid.

Conclusion

Our Climate Transition Plan highlights our 2025 milestones, near-term, long-term and net-zero targets, and identifies the key levers we plan to use to achieve these goals. Our climate transition oversight, risk management strategy, as well as other areas, are also critical parts of our plan. Those are outlined in our 2022 CDP filing available here and our TCFD Report posted here.

To quickly access this information, we have included an index to identify all sections of our CDP climate change questionnaire the CDP has designated part of a full transition plan. We have also included a chart that maps the Climate Transition Plan Elements, identified by CDP, to the corresponding sections of our TCFD report.

INDEX[4]

CDP Map of Climate Transition Plan Elements

(against the CDP 2022 climate change questions)

Climate Transition Plan Element	Aligned CDP CC question (2022)	Relevance
GOVERNANCE	C1.1, C1.1a, C1.1b (Board level oversight)	To ensure compliance and accountability for delivery of the plan's ambitions, board-level oversight is crucial in steering business strategy towards a 1.5°C aligned trajectory.
	C1.1d (Board expertise on climate related issues)	Addressing climate change requires specific expertise related to climate change and its impacts, and the potential direct and indirect effects on the business. Ensuring this capability within existing governance structures indicates an organization's competence in delivering on its climate transition plan and increases the chance of success.
	C1.2, C1.2a (Senior management accountability & feedback mechanism)	Senior management have responsibility for (1) execution of the plan, and (2) frequently reporting to the board on progress towards realizing the plan's ambitions.
	C1.3, C1.3a (Executive remuneration linked to climate KPIs)	To incentivize conscious action and commitment in realizing the plan's goals, it is recommended that executive remuneration is aligned with the organization's climate transition plan.

4 CDP, CDP Technical Note: Reporting on Transition Plans, CDP_technical_note_-_Climate_transition_plans.pdf, (February 2022), page 9-13.

STRATEGY	C3.1* (Existence of "1.5°C world" aligned transition	An organization's climate transition plan should:
	plan within business strategy & shareholder feedback)	-**Be aligned with a 1.5°C trajectory:** to signal climate ambition. -**Be integrated into the overall business strategy:** to fulfill the principle of internal coherence. -**Have a defined shareholder feedback mechanism:** to incentivize regular feedback collection.
	C3.3 (Link between identified (and potential) climate related risks, opportunities & company strategy)	Here, organizations can explain how climate related risks and opportunities have led to the development of their strategy and climate transition plan, specifically in areas of products/services, supply/value chain, investment in R&D and operations.
SCENARIO ANALYSIS	C3.2, C3.2a, C3.2b (Details of scenario analysis)	Scenario analysis can be used as a strategic tool to inform the development of the climate transition plan, based on several potential future climatic states.
FINANCIAL PLANNING	C3.4, C3.5*, C3.5a* (Financial planning details associated with a 1.5°C world)	Financial planning is crucial when demonstrating that an organization is aligning with climate goals, and that it will be relevant (i.e., profitable) in a 1.5°C world. Organizations can use these CDP questions to demonstrate how they have aligned their financial planning with their climate transition plan. Financial details may describe revenue, CAPEX, and/or OPEX projections which are crucial for realizing the plan's ambition.

	C4.5, C4.5a (Low-carbon products or services)	Organizations can develop their low carbon products or services portfolio over time to signal how they intend on transitioning their existing assets, operations, and entire business model towards a 1.5°C trajectory.
VALUE CHAIN ENGAGEMENT & LOW CARBON INITIATIVES	C4.3b (Low carbon initiatives – direct operations)	One of the key elements of a climate transition plan is that it contains time-bound actions to decarbonize business processes and implement low carbon initiatives.
	C12.1, C12.1a, C12.1b, C12.1d, C12.2, C12.2a (Value chain engagement)	Organizations are facing resiliency risks in the value chain that have material environmental and financial implications; hence, value chain engagement plays a significant role in realizing a climate transition plan. For organizations with significant emissions in their supply chain, they can leverage their buyer power and engage their suppliers towards a 1.5°C aligned transition.
POLICY ENGAGEMENT	C12.3, C12.3a, C12.3b, C12.3c (Alignment of public policy engagement with climate ambition & strategy)	Ensuring that an organization's internal activities are supported by fully aligned external policy engagement (policy, law, regulation, and trade associations) demonstrates an ambitious effort towards achieving a 1.5°C world. For many companies, a successful transition will depend on an accommodative policy landscape, thus companies should advocate for climate-positive policies that impact their relevant sector(s).
RISKS & OPPORTUNITIES	C2.1, C2.2 (Process for identifying climate related risks & opportunities)	To demonstrate forward planning (which is crucial for a climate transition plan), an organization's transition plan should include or reflect a process for identifying, assessing, and responding to climate related risks and opportunities.
	C2.3, C2.3a (Climate related risks – risks, potential financial impact and response strategy)	Details of the risks posed to an organization by climate-related issues, the estimated potential financial impact of these risks at the corporate level, and the response strategy to manage these risks.

	C2.4, C2.4a (Climate related opportunities – opportunities, potential financial impact and response strategy)	Details of the opportunities posed to an organization by climate-related issues, the estimated potential scale of these opportunities at the corporate level, and the response strategy required to take advantage of these opportunities.
TARGETS	C4.1*, C4.1a*, C4.1b* (Emissions reduction targets – absolute & intensity)	The transition plan includes near-and long-term, verified science-based targets which are in line with the latest climate science, with time-bound KPIs.
	C4.2a*, C4.2b* (Other climate related targets)	Ambitious climate transition plans will include other climate related targets, such as but not limited to increased low carbon energy consumption or production targets.
	C4.2c* (Net-zero target)	The plan includes a net-zero target, in line with the latest climate science, with timebound KPIs
SCOPE 1, 2 & 3 ACCOUNTING, WITH VERIFICATION	C5.2, C6.1, C6.3, C6.5, C10.1a, C10.1b, C10.1c (Comprehensive and third-party verified emissions accounting)	A climate transition plan should be accompanied by a complete, accurate, transparent, consistent, and relevant inventory of all three scopes of emissions. Any individual organization may find it important to fully disclose to C5 – C10. • Third-party verification is necessary for credibility and transparency on progress against a transition plan. • Companies should calculate and disclose all material categories of scope 3 and provide an explanation for categories that are not relevant

The above sections also map to our TCFD report:[5]

Climate Transition Plan Element	TCFD Section
Governance	Governance
Scenario Analysis	Strategy
Financial Planning	Strategy
Value Chain Engagement & Low Carbon Initiatives	Strategy
Policy Engagement	Strategy
Risk & Opportunities	Risk Management
Targets	Metrics & Targets
Scope 1, 2 & 3 Accounting with Verification	Metrics & Targets

Notes below:

- Carbon emissions metrics for 2019, 2020 and 2021 have been verified with limited assurance. Subsequently, 2019 and 2020 emissions have been re-baselined for MSCI's 2021 acquisition of Real Capital Analytics. Our carbon metrics may differ from those previously published due to retroactive recalculations made in accordance with the GHG Protocol.*

  *Greenhouse Gas Protocol A Corporate Accounting and Reporting Standard REVISED EDITION. World Resources institute. Copyright © World Resources Institute and World Business Council for Sustainable Development, March 2004 ISBN 1-56973-568-9. Page 35-37. https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf#page=37

- MB or market-based: A method to quantify the scope 2 GHG emissions of a reporter based on GHG emissions emitted by the generators from which the reporter contractually purchases electricity bundled with contractual instruments, or contractual instruments on their own. LB or location-based: A method to quantify scope 2 GHG emissions based on average energy generation emission factors for defined geographic locations, including local, subnational, or national boundaries.

[5] CDP, CDP Technical Note: Reporting on Transition Plans, CDP_technical_note_-_Climate_transition_plans.pdf, (February 2022), page 8.

- Source: GHG Protocol Scope 2 Guidance, An amendment to the GHG Protocol Corporate Standard, World Resource Institute, 2015. Page 26. Scope 2 Guidance_Final_Sept26.pdf [Scope 2 Guidance_Final_Sept26.pdf (ghgprotocol.org)]

- Our renewable electricity percentage is reported based on originally verified electricity consumption value and does not give effect structural changes (such as acquisitions or divestments).

  We currently plan to purchase energy attribute certificates and renewable energy certificates locally in the regions where we have a presence (offices and data centers). As we seek to purchase renewable electricity to try to achieve 100% renewable electricity, it may not be available in all of the local markets where we operate. In that case, to achieve our renewable electricity goals, we may purchase enough renewable electricity in certain locations in order to offset our inability to purchase EACs in other locations.

  For our short-time-horizon 2025 carbon reduction and supplier engagement milestones, we may exclude any mergers and acquisitions, should they occur prior to or in 2025, in those calculations due to the potentially short time to act to adjust emissions or for suppliers to set science-based targets.

- For the purposes of our 2025 supplier engagement target, suppliers are the third parties we directly contract with to provide goods and services that support the operations of our business.

- MSCI plans to review its sustainability goals from time to time, including alignment with new or updated relevant principles and frameworks, as and when they are released, with the aim of aligning with strong sustainability practices. We will review our goals in case of material changes in the scope, methodology and KPIs. Such review may result in updates to our goals. We will seek to be transparent and to report on our progress against our goals and any changes to our goals over time.