Morgan Stanley

Environmental and Social Policy Statement

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Morgan Stanley

1. Introduction

Morgan Stanley recognizes that global sustainability challenges, including climate change, resource scarcity and human rights, are of critical importance and must be addressed. As a global financial services provider, Morgan Stanley partners with clients and stakeholders to mobilize capital at scale to help find solutions these challenges.

To help us deliver long-term value for our clients and shareholders, we employ comprehensive risk management policies that include environmental and social risk. Morgan Stanley's Environmental and Social Policy Statement reflects the firm's global commitment to our stakeholders, communities and the environment to identify and address environmental and social risks. This Policy Statement incorporates ongoing dialogue with internal and external stakeholders and is an evolving document that we review annually and update to reflect our strategy and key developments.

We see sustainability leadership as a business opportunity, a risk mitigant and an essential aspect of our firm's core values of Doing the Right Thing, Putting Clients First, Leading with Exceptional Ideas, Committing to Diversity & Inclusion and Giving Back. To that end, Morgan Stanley integrates sustainability into the firm's activities through three main areas of focus:

- **Solutions and Services:** Connecting clients to sustainable investing products and services, and mobilizing capital to drive progress on key issues such as climate change, inclusive growth and the circular economy.
- **The Institute for Sustainable Investing:** Accelerating the adoption of sustainable investing strategies across capital markets through the Morgan Stanley Institute for Sustainable Investing, which leverages the firm's expertise to promote innovation, deliver actionable analysis for investors and develop the next generation of leaders in the field.
- **Firmwide sustainability:** Integrating environmental, social and governance (ESG) considerations into our business activities and operations.

Central to our approach are our firmwide sustainability goals:

- Becoming carbon neutral by 2022, with an aim to source 100 percent of our global operational energy needs from renewable energy, and to offset any remaining emissions.
- Mobilizing $250 billion in capital to support low-carbon solutions by 2030.
- Helping facilitate the prevention, reduction and removal of 50 million metric tons of plastic from the natural environment by 2030 through the Morgan Stanley Plastic Waste Resolution.
- Reaching net-zero financed emissions by 2050.

2. Sustainable Finance and Investing

Global sustainability challenges pose risks to our business as well as opportunities to be part of the solution alongside policy makers, governments, regulators and the private sector. Morgan Stanley's Global Sustainable Finance (GSF) Group is responsible for implementing our sustainability strategy, promoting global sustainability in the capital markets, and helping drive ESG integration across the firm. Our Institutional Securities, Wealth Management and Investment Management business segments partner with the GSF Group to offer scalable financial solutions and advisory services that seek to deliver competitive financial returns while driving positive environmental and social impact for our clients. In doing so, we leverage our resources to scale sustainable investing products in the markets in which we operate.

Our approach to markets and investments reflects our commitment to sustainability. A summary of our approach for each business segment is provided below. Refer to our annual sustainability report for more information.

Institutional Securities

Institutional Securities uses the scale and speed of capital markets to generate positive environmental and social benefits for innovative companies, utilizing a range of levers, including mergers and acquisitions, equity financing and debt underwriting. In particular, we are delivering finance to drive a global shift to a low-carbon economy by raising capital for clean technology companies as well as those that reduce or improve natural resource consumption. We are a leader in green bond issuances and Morgan Stanley Public Finance continues to be a leading underwriter of U.S. municipal bonds, including green and sustainability bonds. In 2018, we announced a commitment to mobilize $250 billion in low-carbon financing by 2030. Contributing to this commitment are our activities in clean-tech and renewable energy financing, including commodities transactions, sustainable bonds and other transactions that enable low-carbon solutions.

Additionally, Morgan Stanley Research aims to incorporate ESG factors into its analysis as part of its fundamental investment research. Our research analysts integrate environmental and social considerations into their core company coverage by exploring the financial and market impact of these issues. In addition, our Sustainability Research team publishes research reports to advance ESG integration and thematic investing.

Wealth Management

Wealth Management connects clients with opportunities to integrate their personal or organizational priorities and values into their investment portfolios. Morgan Stanley Investing with Impact (IIP) provides access to a suite of investment options and portfolios across asset classes that seek to generate market rate financial returns alongside positive environmental and social impact, advancing broad sustainability solutions. With approximately $34 billion in AUM, IIP includes more than 130 investment strategies plus additional customizable opportunities including restriction overlay screening. Investors can opt to advance broad sustainability solutions or focus on particular issues such as mitigating climate change, supporting diversity and inclusion, or promoting community economic development across a range of approaches.

Investment Management

In accordance with Morgan Stanley Investment Management's ESG Principles and Approach, the evaluation of ESG factors is incorporated into the investment process of each investment group across asset classes.

Investment Management portfolio managers and investment teams have primary responsibility for implementing sustainability for their investment portfolios and in doing so are supported by the Investment Management Sustainability team, Sustainability Council and Morgan Stanley's world-class resources. The Sustainability Council is a group of senior, cross-functional business and investment leaders who oversee Investment Management's strategy, resourcing and processes for sustainable investing.

Through our collective sustainable investing efforts, our objective is to enhance market-rate financial returns, while driving positive social and/or environmental benefits and strong governance practices. As active managers and long-term investors, we believe we have both a duty and an opportunity to act as stewards of the capital we manage. Our investment teams embrace this opportunity by engaging directly and often with their portfolio companies on sustainability topics.

For more information on Investment Management's approach to sustainable investing, please refer to the Sustainable Investing page of our website.

3. Environmental and Social Risk Management

Environmental and social risk management is a priority for Morgan Stanley. Our due diligence and risk management processes are designed to identify, analyze and address potentially significant environmental and social issues that may impact the firm or our clients. Among other activities, the Environmental and Social Risk Management (ESRM) Group provides internal subject matter expertise on environmental and social risk, acts as an advisor to the businesses, conducts diligence on relevant transactions, and monitors emerging risks.

Process and Scope

Businesses escalate transactions to the ESRM Group for due diligence when there is a potentially significant environmental and social risk. Our ESRM due diligence processes and sector and cross-sector approaches outlined in this Policy Statement are applied globally across our Business Units to the following types of transactions:

- lending (corporate and project),
- debt and equity underwriting,
- private placements,
- investment management activities related to private equity, real assets and private credit investing,

- investment banking and capital markets advisory assignments, and
- other transactions or activities as applicable and appropriate.

We will aim to apply this Policy Statement to transactions involving a joint venture between Morgan Stanley and other entities.

Due Diligence and Engagement

Morgan Stanley analyzes environmental and social risks through our due diligence processes that incorporate international frameworks, such as the International Finance Corporation's (IFC) Performance Standards, as well as internal guidelines. For project financing, our due diligence incorporates the Equator Principles. We seek to assess a company's[1] environmental and social policies, practices, governance and performance, and we consider the controls that are in place to mitigate potential risks. We expect companies to comply with all relevant local and national laws, including laws that implement international agreements.

In analyzing environmental and social risks, we leverage publicly available information as well as discussions with the company and stakeholders, and consult advisors as appropriate. We also apply enhanced due diligence to transactions identified as high-risk, including those discussed in the Sector Approaches and Cross-Sector Approaches sections below. For high risk sectors and issues, ESRM has developed specific guidance that outlines key risks and controls to be evaluated in the course of the due diligence process.

If we identify a particular issue, we will conduct enhanced due diligence to understand how it is being addressed and how the risks are being mitigated. In these instances, Morgan Stanley may also engage with and support a company to adopt appropriate sustainability practices to mitigate environmental and social risks and impacts. Through these efforts, we believe we are better able to serve clients, shareholders and other stakeholders.

Escalation

Morgan Stanley's Global and Regional Franchise Committees are responsible for overseeing franchise risk to the firm, including reputational risks associated with environmental and social issues. Certain transactions may require escalation to the Global or Regional Franchise Committees and / or senior management based on the identification of environmental and social issues in the due diligence process. As outlined in the sections on Sector Approaches and Cross Sector Approaches, certain transactions may also require senior management approval.

[1] For purposes of this Policy Statement, we use the term 'companies' to refer to clients, companies in which we invest, and other relevant counterparties. This may include public entities or other noncorporate entities.

Sector Approaches

Morgan Stanley has tailored approaches to certain sectors and activities, including the following:

Coal-Fired Power Generation

We will seek to reduce the proportion of our energy financing to coal-fired power generation.

We will not finance transactions globally that directly support the development of new or physical expansions of coal-fired power generation, unless there is carbon capture and storage or equivalent carbon emissions reduction technology.

When considering other transactions involving coal-fired power generation, we will conduct enhanced due diligence. Enhanced due diligence considerations include technology and emissions controls used, impacts on biodiversity and community, and the company's framework for and track record in managing greenhouse gas and other emissions, waste and wastewater, occupational health and safety, human rights and compliance with regulations and international standards.

We will engage with companies that derive a significant portion of their revenue from coal power generation to understand their strategy to diversify away from coal and reduce their carbon emissions.

Thermal Coal Mining

We have reduced and will continue to reduce our exposure to thermal coal mining globally.

- *Mountaintop removal mining* - We will not provide financing where the specified use of proceeds would be directed toward mountaintop removal (MTR) mining. We will not provide financing for companies that rely on MTR for anything more than a limited portion of their annual coal production, nor will we provide financing for any company that does not have a plan to eliminate existing MTR operations in the foreseeable future.
- *New thermal coal mining* - We will not provide financing where the specified use of proceeds would be directed toward new thermal coal mine development.

Other financing transactions for thermal coal mining companies will require escalation and senior management approval, and we will be prudent in the transactions we undertake. When considering these transactions, we will conduct enhanced due diligence. Enhanced due diligence considerations include impacts on biodiversity, fresh water resources and local and indigenous communities, and the company's framework for and track record in managing emissions, waste and wastewater, occupational health and safety, human rights and compliance with regulations and international standards.

We will engage with companies that derive a significant portion of their revenue from thermal coal mining operations in order for us to understand their plans to diversify away from thermal coal mining. We will phase out our financing of those thermal coal mining companies that do not have a diversification strategy within a reasonable timeframe.

Arctic Oil and Gas

Transactions in the Arctic region will require escalation and senior management approval, and we will be prudent in the transactions we undertake.

We will not directly finance new oil and gas exploration and development in the Arctic, including the Arctic National Wildlife Refuge (ANWR).

When considering transactions in the Arctic region that are not prohibited by the foregoing, we will conduct enhanced due diligence. Enhanced due diligence considerations include impacts on local communities and Indigenous Peoples, biodiversity and fresh water resources, as well as the company's framework for and track record for managing energy use, greenhouse gas emissions, spills and leaks, emergency response, waste and wastewater, and occupational health and safety.

Oil Sands

When considering transactions related to oil sands development, we will conduct enhanced due diligence and be prudent in the transactions we undertake.

Enhanced due diligence considerations include environmental and social impacts, such as impacts on local communities and Indigenous Peoples, including First Nations communities in Canada, occupational health and safety, biodiversity and fresh water resources, as well as the company's framework for and track record of managing environmental and social risks, such as greenhouse gas emissions reduction strategies and actions, spills and leaks, and waste and wastewater management.

Ultra Deepwater Oil and Gas

When considering transactions related to ultra deepwater oil and gas, we will conduct enhanced due diligence and be prudent in the transactions we undertake.

Enhanced due diligence considerations include environmental and social impacts, such as impacts on occupational health and safety and biodiversity, as well as the company's framework for and track record of managing environmental and social risks, such as greenhouse gas emissions, spills and leaks.

Shale Oil and Gas

When considering transactions related to the exploration and production of shale oil or gas using hydraulic fracturing, we will conduct enhanced due diligence and be prudent in the transactions we undertake.

Enhanced due diligence considerations include environmental and social impacts, such as impacts on local communities and Indigenous Peoples, occupational health and safety, biodiversity, fresh water resources, and seismicity, as well as the company's framework for and track record of managing environmental and social risks, such as greenhouse gas emissions, including methane, spills and leaks, water use, and waste and wastewater management.

Oil and Gas Transportation Pipelines and LNG Export

When considering transactions related to the construction or operation of oil and gas transportation pipelines or LNG plants and terminals, we will conduct enhanced due diligence and be prudent in the transactions we undertake.

Enhanced due diligence considerations include environmental and social impacts, such as impacts on local communities and Indigenous Peoples, occupational health and safety, biodiversity, protected areas and fresh water resources, as well as the company's framework for and track record of managing environmental and social risks, such as spills and leaks.

Nuclear Energy

When considering financings directly related to the construction of new, or upgrades of existing nuclear power plants, we will conduct enhanced due diligence.

Enhanced due diligence considerations include the host country and international legal, regulatory, and safety frameworks, environmental and social impacts, including community impacts, and the company's framework for and track record in managing environmental and social risks such as seismicity, material and waste management, water use, and occupational health and safety risks.

Hydropower

When considering financings directly related to the construction of new large-scale hydropower projects, we will conduct enhanced due diligence.

Enhanced due diligence considerations include a review of available environmental and social impact assessments and impacts to protected areas and local communities. The International Hydropower Association Sustainability Assessment Protocol will be referenced as guidance.

Forestry

Forests are important to our environment, communities and biodiversity, and deforestation and forest degradation pose significant threats to each. We seek to support the sustainable management of forests, including the protection of high conservation value forests.

We aim to finance only preservation and light, non-extractive use of forest resources for projects in forests where high conservation values are endangered.

We will not knowingly finance companies or projects that collude with or are knowingly engaged in illegal logging, or utilize illegal or uncontrolled fire or commercial logging projects in the United Nations Educational, Scientific and Cultural Organization (UNESCO) World Heritage sites.

When considering direct financing for forestry projects that impact high conservation value forests, we expect companies that are directly involved in timber logging to have obtained or be working toward Forest Stewardship Council (FSC) certification or a comparable certification. Compliance with applicable local, national and international laws and regulations is required. Companies that are in compliance with applicable laws and regulations and have not obtained nor are working toward FSC or a comparable certification will be considered on a case-by-case basis if they can demonstrate compliance with the

FSC Principles. In such case, we will introduce or refer relevant clients to credible experts who can help establish a rigorous, time-bound, stepwise approach to achieve certification within three years. For these transactions, due diligence considerations include a company's policies and practices to manage impacts on local communities and Indigenous Peoples, biodiversity and sensitive areas, such as peatlands.

When considering transactions with companies that process, purchase or trade wood products from high-risk countries, diligence considerations include practices for ensuring wood comes from legal sources, such as the use of third-party certification for chain of custody systems.

Palm Oil

Morgan Stanley will not provide financing for companies that are directly involved in the upstream production of palm oil, unless the companies have achieved Roundtable on Sustainable Palm Oil (RSPO) certification or have a time-bound plan to achieve this. Compliance with local, national and international laws and regulations is required. For these transactions, we will conduct enhanced due diligence and consider a company's policies and practices to manage impacts on local communities and Indigenous Peoples, biodiversity and sensitive areas such as, peatlands, including reviewing a company's commitment to no deforestation, no peatland development and no exploitation of human rights.

Cross-Sector Approaches

Critical Habitats and Critical Cultural Heritage

Morgan Stanley recognizes the importance of critical habitats and critical cultural heritage as part of its environmental and social risk management framework. Considerations regarding these issues are incorporated into our due diligence processes, including potential impacts on biodiversity and traditional local communities' and Indigenous Peoples' livelihoods and cultural heritage.

We will not knowingly finance projects where the use of proceeds support the development or expansion of projects in UNESCO World Heritage sites, unless there is prior consensus between the host country government and UNESCO that the activity would not adversely impact the Outstanding Universal Value of the site.

We will not knowingly finance or invest in industrial projects where the specified use of proceeds would significantly convert or degrade a critical habitat. Critical habitats are areas of high biodiversity value, such as habitats of significant importance to endangered or endemic species and highly threatened and/or unique ecosystems. They include legally protected areas, areas officially proposed by governments as protected areas, and sites identified by a project's environmental impact assessment as vital to the viability of the protected areas.

Human Rights

Morgan Stanley will not knowingly engage in transactions where there is evidence of direct involvement in modern slavery, such as forced labor, human trafficking, or harmful or exploitative forms of child labor.

Potential human rights issues (including within a company's supply chain, as may be relevant) are considered in our due diligence processes as appropriate. Areas of potential heightened human rights risk undergo enhanced diligence and may be escalated to senior management. Please refer to Section 5, "Human Rights" for more information on our approach to human rights.

Indigenous Peoples

Morgan Stanley recognizes that the identities and cultures of Indigenous Peoples are inextricably linked to the lands on which they live and the natural resources on which they depend. We respect the rights of Indigenous Peoples globally regarding issues affecting their lands and territories, traditionally owned or otherwise occupied and used.

When financing projects where a significant portion of the use of proceeds may directly impact Indigenous Peoples, Morgan Stanley expects project sponsors or borrowers to demonstrate alignment with the objectives and requirements of IFC Performance Standard 7, including the requirements for free, prior and informed consent[2] in the circumstances outlined in the performance standard.

When considering other transactions that may directly and adversely impact Indigenous Peoples, enhanced due diligence will be applied. Considerations include the company's framework for managing and addressing potential impacts, such as policies on Indigenous Peoples, engagement and consultation processes, including processes to achieve free, prior and informed consent, culturally appropriate communication, avoidance of impacts on critical heritage and land subject to traditional ownership or customary use, and grievance mechanisms.

4. Climate Change

Morgan Stanley recognizes that climate change is occurring, and acknowledges the scientific consensus, led by the Intergovernmental Panel on Climate Change, that greenhouse gases emitted by human activities are the primary driver. We recognize the benefits of helping to reduce greenhouse gas emissions as climate change poses significant risks to the global economy. Effective action on climate change will require a broad transformation of sectors and economies. It will be critical that impacts to workers and communities be carefully managed. Due to the complexity of addressing climate change in both developed and emerging economies, a transition to a low-carbon economy will necessitate joint efforts by governments, businesses and individuals. Our approach to managing climate risks and opportunities is informed by the recommendations of the Task Force for Climate-Related Financial Disclosures (TCFD).

[2] Although no universal definition of free, prior and informed consent (FPIC) exists, it is well-accepted that it comprises a process and an outcome in which project sponsors and the government engage in good faith negotiation with the affected indigenous peoples to agree on the basis for which a project can proceed. FPIC neither requires unanimous support by individuals or sub-groups within the community nor requires the project sponsors to agree to aspects not under their control.

Governance: The Risk Committee of our Board of Directors assumed responsibility for oversight of climate-related risks in 2019. The Nominating and Governance Committee oversees corporate governance principles and ESG initiatives. Various teams, working groups and councils across the firm support our climate-related work. For example, the Executive Climate Change Risk Steering Committee and Working Group were established in 2019. The Steering Committee is the highest-level governance body dedicated solely to climate change risk, comprising senior leaders from across our business units and control functions. Its purpose is to align our approach to understanding, assessing and managing potential material climate-related risks and to coordinate a comprehensive and strategic firmwide response. The Working Group tracks significant internal and external developments, coordinates and aligns climate initiatives across the firm, and elevates significant issues to the Steering Committee and senior management.

Strategy: Morgan Stanley supports the transition to a low-carbon economy by partnering with clients on solutions, publishing thought leadership for investors, managing climate risk in its business activities, and seeking to enhance the climate resilience of our operations. We are committed to providing relevant and adequate disclosure on our climate-related activity.

Risk Management: Morgan Stanley deploys expertise and resources to explore how and where we may face potential transition and physical risks from the ongoing impacts of climate change. GSF and Firm Risk Management partner closely to integrate climate change considerations into the firm's lending and operational processes to identify assess and manage both physical and transitional risks. In addition, the ESRM team incorporates climate risk considerations into the reviews of specific sectors. If a transaction raises a climate-related concern, in alignment with this Policy Statement, ESRM conducts enhanced due diligence which may include a review of a client's framework and track record for managing greenhouse gases and other emissions, and compliance with regulations and international standards.

Metrics and Targets: We are committed to mobilizing $250 billion to support low-carbon solutions by 2030 and achieving carbon neutrality across our global operations by 2022.

Morgan Stanley also has established a commitment to reach net-zero financed emissions by 2050, joining many of our clients in this strategic goal. This net-zero commitment focuses on "financed" emissions, and initial work will be aimed at supporting the development of standardized tools and methodologies for measuring and disclosing financed emissions. As part of that effort, Morgan Stanley joined the Steering Committee of the Partnership for Carbon Accounting Financials (PCAF).

The firm will set financed emissions targets as robust and comparable metrics and methodologies are developed. This Policy Statement and our approach to carbon–sensitive sectors will be guided by the development of these targets and this ongoing work.

In addition, we commit to transparent reporting that will help stakeholders understand our progress. While our interim targets and progress will change over time, our commitment to reaching net-zero financed emissions by 2050 will guide our decisions.

For more information, refer to our TCFD report.

5. Human Rights

Morgan Stanley is committed to being a responsible corporate citizen and fulfilling the important role business can play in protecting and advancing global standards for human rights, including equal opportunity, the freedom to associate and bargain collectively, and the elimination of modern slavery, human trafficking and harmful or exploitative forms of child labor.[3] We endeavor to exercise our influence by conducting our business operations in ways that seek to respect, protect and promote the full range of human rights, such as those described in the United Nations' Universal Declaration of Human Rights.

Our Statement on Human Rights, approved by our Board of Directors, enshrines our commitment to respect and uphold human rights under the United Nations' Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights.

Human rights considerations are incorporated into our transaction due diligence process, our engagement with companies, our supplier expectations, and our own operations. To help ensure that modern slavery is not taking place in any part of our operations or any of our supply chains, we address this issue in our supplier policies, agreements and our Supplier Code of Conduct. We are also committed to engaging with stakeholders and partners to understand the evolving global landscape and continuously improve our approach.

Please refer to the ESRM section of this Policy Statement and Morgan Stanley's Modern Slavery and Human Trafficking Statement for additional information on our approach to this issue.

6. Operations

Morgan Stanley believes that a meaningful commitment to protecting the environment must begin with our own operations. We are committed to minimizing our direct impact on the environment, and we aspire to best practices in facilities management and sourcing.

Energy and Greenhouse Gas Management

In 2017, Morgan Stanley announced a commitment to become carbon neutral by 2022, with an aim to source 100 percent of our global operational electricity needs from renewable sources and to offset any remaining emissions. As part of this commitment, we have updated our energy reduction targets. Morgan Stanley aims to achieve a 20 percent reduction in energy usage by 2022 from a 2012 baseline, on an absolute basis. The goal to become carbon neutral covers Scope 1 and 2 emissions and Scope 3 business travel, as defined by the Greenhouse Gas Protocol. To achieve carbon neutrality, we seek to develop on-site power generation, secure power purchase agreements, purchase renewable energy credits and pursue carbon offsets, as appropriate. We will continue to disclose our carbon footprint information to the public, as we have since 2006.

[3] Harmful or exploitative forms of child labor are defined as work that is economically exploitative, is likely to deprive children of their childhood, their potential and their dignity, and is mentally, physically, socially or morally dangerous and harmful to children.

Green Buildings

Morgan Stanley is committed to sustainable and responsible operations through enhanced standards for our owned and leased buildings. We are focused on specifications for location, design, energy, water efficiency, air quality and materials that incorporate environmental best practice (e.g., U.S. Green Building Council's LEED certification program, U.K. BREEAM system and WELL Building standards). When possible, Morgan Stanley includes green lease components in new leases and renewals for environmental data reporting transparency. Our continuous commissioning at our owned sites ensures building systems are operating at design specifications and identifies further opportunities to increase efficiency and reduce energy use.

Procurement

We evaluate opportunities to increase sustainable product sourcing by establishing policies, such as our Supplier Code of Conduct, that outline our expectations and requirements for vendors on sustainability and human rights issues. Environmental risk is weighed when purchasing, with preference given to products made from recyclable, compostable and biodegradable materials. We also promote policies that maximize product efficiency and reduce our overall purchasing needs (e.g., promoting energy-saving equipment and reducing paper usage through automated and digitized processes).

Waste Management

Morgan Stanley takes measures to promote recycling and to minimize waste volumes. Recycling diversion rates and total waste volumes are continuously monitored at our major facilities. Comprehensive waste audits are regularly performed to ensure our handling and recycling processes are productive and improved when necessary. Recycling programs focus on employee engagement, with clear labeling on waste and recycling bins dispersed throughout our buildings' floors. Cleaning staff is trained on proper procedures in collecting recyclable materials. Compostable materials are collected from our cafeterias and kitchens.

7. Governance, Implementation and Reporting

Morgan Stanley has a governance system in place and takes steps to implement and review this Policy Statement on an annual basis.

Governance

The Nominating and Governance Committee of the Morgan Stanley Board of Directors oversees the firm's ESG initiatives. This Policy Statement is reviewed annually by the ESRM Group, the GSF Group, senior representatives of the business units, and other relevant internal functions, and may be modified to reflect developments in our sustainability strategy or business operations. The results of the review are presented to the Global Franchise Committee, and material amendments are presented to the Nominating and Governance Committee of the Board of Directors for its consideration.

Training

Employees and executives across the firm are responsible for implementing our ESG commitments. We train our employees to understand and manage ESG risks and opportunities affecting our business.

Stakeholder Engagement

Morgan Stanley values the perspectives and insights of our internal and external stakeholders, and regularly engages with stakeholder groups. We discuss environmental and social issues through meetings and open dialogue with employees, shareholders, investors, clients - investor and corporate, other financial institutions, nongovernmental organizations, communities, policy makers and sustainability thought leaders.

With respect to internal stakeholders, our ability to execute our sustainability strategy depends on the knowledge and enthusiasm of our employees. We regularly share information on the firm's sustainability initiatives, and invite employees to engage on ESG issues. We believe that dialogue with stakeholders is important to ensuring that we consider diverse and timely perspectives in our approaches.

Morgan Stanley convenes periodic stakeholder roundtables to gather insights from key external stakeholders on the firm's activities related to key sustainability topics. We are members of, and active participants in, leading sustainable business initiatives and non-governmental organizations, including:

- Business for Social Responsibility (BSR)
- CDP (formerly the Carbon Disclosure Project)
- Ceres Investor Network on Climate Risk and Sustainability
- Climate Bonds Initiative (CBI)
- Green Bond Principles
- Partnership for Carbon Accounting Financials (PCAF)
- Principles for Responsible Investment (PRI)
- Sustainability Accounting Standards Board (SASB)

Reporting

Morgan Stanley is committed to regularly providing our stakeholders information about our environmental and social risk management and sustainability performance. Morgan Stanley publishes an annual sustainability report with a focus on investor-relevant ESG data and information. Additional information regarding our sustainability policies and performance can be found in the following locations:

- The Sustainability pages of our website, which highlight our strategy and key aspects of our Solutions and Services and firmwide Sustainability, and provides links to sustainability disclosures, such as our annual sustainability report, CDP response and TCFD report.

- The Institute for Sustainable Investing website, which provides insights and thought leadership for a broad investor and business audience on the market for sustainable investing and sustainable finance, as well as on issues such as climate change and inclusive growth.
- The Corporate Governance page of our website, which includes policies guiding ESG governance
- Morgan Stanley Investment Management's Sustainable Investing website.

Morgan Stanley is also committed to continually improving our reporting and disclosure. We leverage the SASB and TCFD frameworks to guide our reporting and monitor the sustainability reporting landscape.