C0. Introduction

(C0.1) Give a general description and introduction to your organization.

As a leading global financial services firm, Morgan Stanley advises, originates, trades, manages and distributes capital for governments, corporations, institutions and individuals. By Putting Clients First, Leading with Exceptional Ideas, Doing the Right Thing, and Giving Back, we aim to deliver results today, while advancing strategic goals for the future.

Morgan Stanley maintains significant market positions in its three business segments, Institutional Securities, Wealth Management and Investment Management. Through subsidiaries and affiliates, we provide a wide variety of products and services to a large and diversified group of clients and customers, including corporations, governments, financial institutions and individuals. We have approximately 60,000 employees in more than 36 countries.

Institutional Securities provides investment banking, sales and trading, lending and other services including investment and research services to corporations, governments, financial institutions and high to ultra-high net worth clients; other activities include investments and research.

Wealth Management provides a comprehensive array of financial services and solutions to individual investors and small to medium-sized businesses and institutions covering brokerage and investment advisory services, financial and wealth planning services, annuity and insurance products, securities-based lending, residential real estate loans and other lending products, banking and retirement plan services.

Investment Management provides a broad range of investment strategies and products that span geographies, asset classes, and public and private markets to a diverse group of clients across institutional and intermediary channels. Strategies and products include equity, fixed income, liquidity and alternative/other products.

(C0.2) State the start and end date of the year for which you are reporting data.

<table>
<thead>
<tr>
<th>Start date</th>
<th>End date</th>
<th>Indicate if you are providing emissions data for past reporting years</th>
<th>Select the number of past reporting years you will be providing emissions data for</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 1 2018</td>
<td>December 31 2018</td>
<td>No</td>
<td>Not Applicable</td>
</tr>
</tbody>
</table>

(C0.3)
Select the countries/regions for which you will be supplying data.
Argentina
Australia
Brazil
Canada
China
China, Hong Kong Special Administrative Region
France
Germany
Hungary
India
Indonesia
Israel
Italy
Japan
Luxembourg
Mexico
Peru
Poland
Qatar
Republic of Korea
Russian Federation
Saudi Arabia
Singapore
South Africa
Spain
Sweden
Switzerland
Taiwan, Greater China
Thailand
Turkey
United Arab Emirates
United Kingdom of Great Britain and Northern Ireland
United States of America

Select the currency used for all financial information disclosed throughout your response.
USD

Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your consolidation approach to your Scope 1 and Scope 2 greenhouse gas inventory.
Operational control

C1. Governance

Is there board-level oversight of climate-related issues within your organization?
Yes

Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

<table>
<thead>
<tr>
<th>Position of individual(s)</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board-level committee</td>
<td>The Nominating and Governance (N&amp;G) Committee of the Morgan Stanley Board of Directors oversees corporate governance principles, and environmental, social and governance (ESG) initiatives, including our environmental and social risk management policies. In fulfilling its duties, the Committee receives periodic updates from the Chief Sustainability Officer, who leads Morgan Stanley’s efforts to promote global sustainability through the capital markets.</td>
</tr>
<tr>
<td>Chief Executive Officer</td>
<td>Our CEO is the Chairman of our Board of Directors. The Board receives periodic updates from the firm’s Chief Sustainability Officer. Our CEO also chairs the Morgan Stanley Institute for Sustainable Investing Advisory Board which meets twice a year. The Advisory Board reviews the firm’s overall sustainability performance, and also helps to ensure that our sustainability strategy, including our climate strategy, is comprehensive, rigorous and innovative. Presently, the Advisory Board membership includes one current and one former Morgan Stanley Board Member.</td>
</tr>
<tr>
<td>Board Chair</td>
<td>Morgan Stanley’s CEO also serves as Board Chair, so the information mentioned above also applies.</td>
</tr>
</tbody>
</table>
(C1.1b) Provide further details on the board’s oversight of climate-related issues.

<table>
<thead>
<tr>
<th>Frequency with which climate-related issues are a scheduled agenda item</th>
<th>Governance mechanisms into which climate-related issues are integrated</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scheduled – some meetings</td>
<td>Reviewing and guiding strategy</td>
<td>The N&amp;G Committee of the Morgan Stanley Board of Directors oversees ESG initiatives, including those related to climate change. To monitor and guide the firm’s strategy, the Committee receives periodic updates from the Chief Sustainability Officer who leads the firm’s efforts to promote global sustainability through capital markets. The N&amp;G Committee also reviews the firm’s environmental and social risk management (ESRM) policies.</td>
</tr>
</tbody>
</table>

| Scheduled – some meetings | Reviewing and guiding strategy | The Morgan Stanley Chief Sustainability Officer periodically presents to the full Board of Directors, of which the CEO is Chair. |

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

<table>
<thead>
<tr>
<th>Name of the position(s) and/or committee(s)</th>
<th>Responsibility</th>
<th>Frequency of reporting to the board on climate-related issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other C-Suite Officer, please specify (Vice Chairman)</td>
<td>Both assessing and managing climate-related risks and opportunities</td>
<td>More frequently than quarterly</td>
</tr>
<tr>
<td>Chief Sustainability Officer (CSO)</td>
<td>Both assessing and managing climate-related risks and opportunities</td>
<td>More frequently than quarterly</td>
</tr>
<tr>
<td>Other, please specify (Head of Global Sustainable Finance)</td>
<td>Both assessing and managing climate-related risks and opportunities</td>
<td>More frequently than quarterly</td>
</tr>
<tr>
<td>Risk committee</td>
<td>Both assessing and managing climate-related risks and opportunities</td>
<td>As important matters arise</td>
</tr>
<tr>
<td>Risk manager</td>
<td>Both assessing and managing climate-related risks and opportunities</td>
<td>As important matters arise</td>
</tr>
<tr>
<td>Sustainability committee</td>
<td>Assessing climate-related risks and opportunities</td>
<td>As important matters arise</td>
</tr>
<tr>
<td>Other, please specify (Global Head of Corporate Services)</td>
<td>Both assessing and managing climate-related risks and opportunities</td>
<td>As important matters arise</td>
</tr>
<tr>
<td>Environment/ Sustainability manager</td>
<td>Both assessing and managing climate-related risks and opportunities</td>
<td>As important matters arise</td>
</tr>
</tbody>
</table>

(C1.2a)
The Vice Chairman is a member of the Morgan Stanley Operating Committee, and is responsible for many of the firm's operational divisions, including:

- Global Sustainable Finance (GSF), which works with business units across the firm to implement sustainable business strategies. Specifically, through the firm's businesses, GSF helps shape innovative financial solutions and advisory services that aim to create positive long-term benefits for clients and shareholders, as well as for the environment and global communities. GSF also hosts the Morgan Stanley Institute for Sustainable Investing, which is dedicated to accelerating the adoption of sustainable investing strategies. Through the Institute, we regularly engage with industry and sustainability issue experts to monitor climate-related issues and encourage innovative approaches for solving climate change and other sustainability challenges. This input from the market feeds into our assessment of climate-related risks and opportunities. In addition, GSF focuses on the integration of sustainability into the firm's operations, disclosure to investors, and reporting to and engagement with stakeholders. GSF reports to the Vice Chairman through the GSF team.
- Corporate Services (CS), which leads a wide range of initiatives that aim to reduce our operational environmental impact and partners with GSF to develop and manage our operational climate goals. CS reports to the Vice Chairman through the Head of CS.

Our Regional and Global Franchise Committees are responsible for overseeing franchise risk to the firm, including reputational risks associated with environmental and social issues. The franchise committees consist of senior stakeholders from risk, legal and other control functions and from the business, The Global Franchise Committee is chaired by the Chief Legal Officer. Transactions that meet designated environmental and social criteria may require approval by our franchise committees in addition to senior management. We have tailored approaches to certain sectors and activities per our environmental and social risk policies, which are reviewed by ESRM, GSF and other relevant internal functions. The results of the review are presented to the Global Franchise Committee and the Ni&G Committee of the Board for their consideration.

Morgan Stanley also has several firmwide sustainability councils and working groups that provide expertise and input on specific aspects of our sustainability efforts, including those related to climate change. GSF plays various roles on each of these groups, including convening, participating or advising.

- The Sustainability Disclosure Committee convenes senior leaders from across the firm to provide input on, review and approve corporate sustainability disclosures, including our CDP response. The committee is convened by GSF and its membership includes senior stakeholders from our finance, legal, risk, investor relations, corporate communications and businesses, as well as other subject matter experts as needed.
- The Global Sustainability Bond Leadership Council is chaired by the firm's Vice Chairman, and includes senior stakeholders from our Global Capital Market, Investment Banking and Investment Management divisions. The Committee aims to advance green and sustainable bond origination and execution globally, helping to guide our strategy for client solutions, investor engagement and thought leadership.
- The Investment Management Sustainability Council oversees ESG integration across the business unit's investment processes, including product development, measurement, education, client engagement and reporting. The Council is co-chaired by the Vice Chairman of Investment Management and Head of Strategic Partnerships, and the Co-head and CIO of the Solutions & Multi-Asset Group within Investment Management. The membership consists of a global, cross-functional team of leaders committed to delivering value across multiple dimensions by promoting a disciplined approach to integrating ESG factors into the investment process. A Global Stewardship team dedicated ESG professionals and the Morgan Stanley Institute for Sustainable Investing support the council.
- The Global Sustainability at Work Steering Committee and the Corporate Services Global Sustainability Council execute our operational sustainability strategy, which focuses on resource efficiency, renewable energy and identifying innovative ways to shrink the environmental impact of our operations globally. The Committee is chaired by the COO of Corporate Services and includes the Head of Corporate Services and the Chief Sustainability Officer.
- The Sustainable Supply Chain Working Group supports sustainability in our sourcing practices by identifying strategies that aim to reduce ESG risks and pursuing opportunities with suppliers that further our sustainability efforts. The Committee is led by members of sourcing, Corporate Services and GSF.

**C.1.3**

(C.1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

Yes

(C.1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

**Who is entitled to benefit from these incentives?**

Other C-Suite Officer

**Types of incentives**

Monetary reward

**Activity incentivized**

Emissions reduction target

**Comment**

The Vice Chairman's responsibilities include oversight of the Global Sustainable Finance (GSF) and Corporate Services (CS) groups. As such, the Vice Chairman's compensation is associated with the firm's sustainability performance. In 2017, Morgan Stanley committed to become carbon neutral by 2022, aiming to source 100 percent of our global operational electricity needs from renewable energy. As this goal is led by the GSF and CS groups, the Vice Chairman will be evaluated against it.

**Who is entitled to benefit from these incentives?**

Other C-Suite Officer

**Types of incentives**

Monetary reward

**Activity incentivized**

Energy reduction target

**Comment**

The Vice Chairman's responsibilities include oversight of the Global Sustainable Finance (GSF) and Corporate Services (CS) groups. As such, the Vice Chairman's compensation is associated with the firm's sustainability performance. Alongside Morgan Stanley's commitment to become carbon neutral, we are aiming to reduce energy usage by 20 percent by 2022. As this goal is led by the GSF and CS groups, the Vice Chairman will be evaluated against it.
<table>
<thead>
<tr>
<th>Who is entitled to benefit from these incentives?</th>
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<tbody>
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<td>Monetary reward</td>
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</table>

<table>
<thead>
<tr>
<th>Activity incentivized</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other, please specify (Sustainability integration)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Comment</th>
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<tbody>
<tr>
<td>The Vice Chairman's performance is linked to the firm's sustainability performance. The Vice Chairman oversees the Global Sustainable Finance (GSF) and Corporate Services (CS) groups and their respective sustainability performance. The Vice Chairman is evaluated against these responsibilities in annual performance reviews.</td>
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<th>Who is entitled to benefit from these incentives?</th>
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<thead>
<tr>
<th>Comment</th>
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<tbody>
<tr>
<td>The CSO oversees the firm’s efforts to promote global sustainability and sustainable investing. As such, the CSO’s compensation is associated with the firm’s sustainability performance, including its climate performance. In 2017, Morgan Stanley committed to become carbon neutral by 2022, aiming to source 100 percent of our global operational electricity needs from renewable energy. As this goal is in part led by GSF, the CSO is evaluated against it.</td>
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<th>Who is entitled to benefit from these incentives?</th>
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<tbody>
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<tr>
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<tr>
<td>The Head of GSF is responsible for the firm’s efforts to promote global sustainability and sustainable investing. As such, the Head’s compensation is associated with the firm’s sustainability performance, including its climate performance. In 2017, Morgan Stanley committed to become carbon neutral by 2022, aiming to source 100 percent of our global operational electricity needs from renewable energy. As this goal is in part led by GSF, the Head of GSF is evaluated against it.</td>
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<td>The -Head of GSF is responsible for the firm’s efforts to promote global sustainability and sustainable investing. As such, the Head’s compensation is associated with the firm’s sustainability performance, including its climate performance. Alongside Morgan Stanley’s commitment to become carbon neutral, we are aiming to reduce energy usage by 20 percent by 2022. As this goal is in part led by GSF, the Head of GSF is evaluated against it.</td>
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</tr>
</tbody>
</table>
Types of incentives
Monetary reward

Activity incentivized
Emissions reduction target

Comment
The Global Head of Corporate Services (CS), together with a network of consultants and vendors, leads a wide range of initiatives to reduce the environmental footprint of Morgan Stanley facilities while contributing to a better working environment. CS, in consultation with GSF, reviews and sets greenhouse gas (GHG) emissions and other environment-related targets. In 2017, Morgan Stanley committed to become carbon neutral by 2022, aiming to source 100 percent of our global operational electricity needs from renewable energy. As this goal is in part led by CS, the Global Head is evaluated against it.

Who is entitled to benefit from these incentives?
Business unit manager

Types of incentives
Monetary reward

Activity incentivized
Energy reduction target

Comment
The COO of Corporate Services (CS), together with a network of consultants and vendors, supports a wide range of initiatives to reduce the environmental footprint of Morgan Stanley facilities while contributing to a better working environment. CS, in consultation with GSF, reviews and sets GHG emissions and other environment-related targets. Alongside Morgan Stanley's commitment to become carbon neutral, we are aiming to reduce energy usage by 20 percent by 2022. As this goal is in part led by CS, the Global Head is evaluated against it.

Who is entitled to benefit from these incentives?
Business unit manager

Types of incentives
Monetary reward

Activity incentivized
Emissions reduction target

Comment
The Corporate Services (CS) Global Head of Operational Sustainability, in collaboration with firm functional teams, is responsible for implementing the firm's operational sustainability strategy. CS, in consultation with GSF, reviews and sets greenhouse gas (GHG) emissions and other environment-related targets. In 2017, Morgan Stanley committed to become carbon neutral by 2022, aiming to source 100 percent of our global operational electricity needs from renewable energy. As this goal is in part led by CS, the CS Global Head of Operational Sustainability is evaluated against it.
Who is entitled to benefit from these incentives?  
Environment/Sustainability manager

Types of incentives  
Monetary reward

Activity incentivized  
Energy reduction target

Comment  
The Corporate Services (CS) Global Head of Operational Sustainability, in collaboration with firm functional teams, is responsible for implementing the firm's operational sustainability strategy. CS, in consultation with GSF, reviews and sets GHG emissions and other environment-related targets. Alongside Morgan Stanley's commitment to become carbon neutral, we are aiming to reduce our energy usage by 20 percent by 2022. As this goal is in part led by CS, the CS Global Head of Operational Sustainability is evaluated against it.

Who is entitled to benefit from these incentives?  
Facilities manager

Types of incentives  
Monetary reward

Activity incentivized  
Energy reduction target

Comment  
The Property Services Group within Corporate Services has specific key performance indicators (KPIs) tied to the firm's overall energy use, as well as carbon emission reduction targets and service level agreements, including improving Energy Star Scores, achieving building certifications and managing utilities budgets. Employees involved in Property Services have explicit goals related to energy management, including reducing energy use, increasing energy efficiency/conservation, employing renewable energy, reducing emissions, and environmental stewardship. As such, members of the Property Services Group are evaluated against these responsibilities in annual performance reviews.

Who is entitled to benefit from these incentives?  
Facilities manager

Types of incentives  
Monetary reward

Activity incentivized  
Emissions reduction target

Comment  
The Property Services Group within Corporate Services has specific key performance indicators (KPIs) tied to the firm's overall energy use, as well as carbon emission reduction targets and service level agreements, including improving Energy Star Scores, achieving building certifications and managing utilities budgets. Employees involved in Property Services have explicit goals related to energy management, including reducing energy use, increasing energy efficiency/conservation, employing renewable energy, reducing emissions, and environmental stewardship. As such, members of the Property Services Group are evaluated against these responsibilities in annual performance reviews.

Who is entitled to benefit from these incentives?  
Environment/Sustainability manager

Types of incentives  
Monetary reward

Activity incentivized  
Other, please specify (Sustainability integration )

Comment  
The Global Sustainable Finance (GSF) group is responsible for implementing sustainable business strategies across the firm. In fulfilling its duties, GSF focuses on engagement with and disclosure to investors and other stakeholders and is the engine behind the Institute for Sustainable Investing. GSF is also responsible for helping to set the firm's operational sustainability goals in partnership with CS. As such, team members are evaluated against these responsibilities, including those related to climate change, in annual performance reviews.

Who is entitled to benefit from these incentives?  
Environment/Sustainability manager

Types of incentives  
Monetary reward

Activity incentivized  
Emissions reduction target

Comment  
The Global Sustainable Finance (GSF) group is responsible for implementing the firm's sustainability strategy. In 2017, Morgan Stanley committed to become carbon neutral by 2022, aiming to source 100 percent of our global operational energy needs from renewable energy by 2022. As this goal is in part led by GSF, select team members are evaluated against it.
Comment
The Global Sustainable Finance (GSF) group is responsible for implementing the firm’s sustainability strategy. Alongside Morgan Stanley’s commitment to become carbon neutral, we are aiming to reduce our electricity usage by 20 percent by 2022. As this goal is in part led by GSF, select team members are evaluated against it.

Who is entitled to benefit from these incentives?
Risk manager

Types of incentives
Monetary reward

Activity incentivized
Other, please specify (Manage E&S franchise risk exposure)

Comment
The Environmental and Social Risk Management (ESRM) team provides internal subject matter expertise on environmental and social risk, acting as an advisor to the businesses, conducting diligence on relevant transactions, and monitoring for emerging risks. Members of the ESRM team are evaluated against these responsibilities.

C2. Risks and opportunities

C2.1

(C2.1) Describe what your organization considers to be short-, medium- and long-term horizons.

<table>
<thead>
<tr>
<th></th>
<th>From (years)</th>
<th>To (years)</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term</td>
<td>0</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Medium-term</td>
<td>3</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Long-term</td>
<td>5</td>
<td>50</td>
<td>We do not have an upper bound on our long-term horizon.</td>
</tr>
</tbody>
</table>

C2.2

(C2.2) Select the option that best describes how your organization's processes for identifying, assessing, and managing climate-related issues are integrated into your overall risk management.

Integrated into multi-disciplinary company-wide risk identification, assessment, and management processes

C2.2a

(C2.2a) Select the options that best describe your organization's frequency and time horizon for identifying and assessing climate-related risks.

<table>
<thead>
<tr>
<th>Frequency of monitoring</th>
<th>How far into the future are risks considered?</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Six-monthly or more frequently</td>
<td>&gt;6 years</td>
<td>The frequency and time horizon with which we identify and assess climate risks ranges from immediate to long-term. On a daily basis, ESRM conducts diligence on relevant transactions and monitors for emerging environmental and social risks. Corporate Services and Business Continuity Management assess physical risks and other disruptions to our business operations. This includes conducting emergency communication drills and simulated crisis scenarios at various points throughout the year and an annual corporate services risk control self-assessment. Business units may assess materiality of climate change as appropriate for their activities and evaluate ESG risks through client and investment-related due diligence; the time horizon evaluated is in line with the duration of the financing provided.</td>
</tr>
</tbody>
</table>

C2.2b

CDP
(C2.2b) Provide further details on your organization’s process(es) for identifying and assessing climate-related risks.

Where Morgan Stanley may potentially face substantial transition and physical risks from the impacts of climate change we seek to deploy expertise and resources from many parts of the business to explore these issues. Through the multidisciplinary companywide risk identification, assessment, and management processes described above, we continually monitor climate risks on an ongoing basis and assess time horizons ranging from immediate to long term on a case-by-case basis. In the context of our CDP report, we define substantive impacts as those that would cause the firm a loss or gain great enough to change our approach to managing the risk or opportunity internally. Currently, the firm takes an integrated approach to risk identification, assessment and management.

As a first line of defense, business units may assess materiality of climate change as appropriate for their activities, and evaluate ESG risks through client and investment-related due diligence. As a second line of defense, our risk and control functions support deal teams and functional groups globally, reviewing transactions and activities to evaluate potential risk to the firm, including climate-related risk when relevant.

The Advisory Board of the Morgan Stanley Institute for Sustainable Investing is chaired by our CEO, and helps to ensure that our sustainability strategy, including as it relates to climate change, is comprehensive, rigorous and innovative. Select members of the Advisory Board are climate change experts, and lend their perspective to help the firm identify emerging risks. Additionally, through the Institute, we regularly engage with industry and sustainability issue experts in an effort to encourage innovative approaches to solving sustainability challenges, including climate change. We consider the Institute’s findings in our own practices.

To build capacity across the firm, GSF, the Institute for Sustainable Investing and ESRM help strategically inform and engage the appropriate internal partners across the firm on emerging climate change-related risks, where the risks pose potentially substantive impact. For example, in 2018, Morgan Stanley collaborated with peers to explore scenario analyses and stress testing that shed light on the sensitivities of companies’ creditworthiness under select climate transition pathways. We are using the lessons learned to build our knowledge and capacity, informing our ongoing approach to identifying and assessing climate change-related risks and opportunities.

With respect to franchise risk, we monitor financial transactions that could expose Morgan Stanley to risks raised by environmental and social issues in accordance with our ESRM policies. The ESRM group supports deal teams globally, providing guidance on potential material franchise risk exposure to the firm. Transactions in-scope are reviewed both by ESRM and our business units for environmental and social risk. If a potentially significant issue is flagged, ESRM conducts enhanced due diligence to understand further how the risks are being mitigated and how impacts are being addressed by the company. Depending on the results of the review, transactions may be escalated for further review to our Regional and Global Franchise Committees in addition to senior management.

Evaluation of climate change-related physical risks that could affect Morgan Stanley directly through our own operations is led by Corporate Services and Business Continuity Management (BCM) teams. In anticipation of forecasted events, BCM reviews business units’ plans to ensure that detailed recovery strategies (e.g., transference or relocation), which identify and detail the options available to recover critical business processes during an event, have been documented accordingly. In 2018, the firm monitored and reacted to 37 global weather/natural hazard events related to hurricanes, wildfires, blizzards and earthquakes.

C2.2c
(C2.2c) Which of the following risk types are considered in your organization’s climate-related risk assessments?

<table>
<thead>
<tr>
<th>Relevance &amp; Inclusion</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current regulation</td>
<td>Relevant, always included</td>
</tr>
<tr>
<td></td>
<td>Legal, regulatory and compliance risk includes the risk of legal or regulatory sanctions, material financial loss including fines, penalties, judgments, damages and/or settlements, or loss to reputation we may suffer as a result of our failure to comply with laws. Our Legal &amp; Compliance Division advises the firm on managing legal risk, and monitors our compliance with current and emerging regulatory and legal requirements, including climate-related regulations where applicable. Our Government and Regulatory Relations teams represent the firm’s public policy views, and engage with governments and regulators on behalf of the firm on existing regulations, including those related to climate-regulations.</td>
</tr>
<tr>
<td>Emerging regulation</td>
<td>Relevant, sometimes included</td>
</tr>
<tr>
<td></td>
<td>Our Legal &amp; Compliance Division advises the firm on managing legal risk, and monitors our compliance with current and emerging regulatory and legal requirements, including emerging climate-related regulations where applicable. Our Government and Regulatory Relations teams represent the firm’s public policy views, and engage with governments and regulators on behalf of the firm, on emerging regulations, including those related to climate change. For example, in November 2018, Morgan Stanley participated in a roundtable hosted by the Prudential Regulatory Authority to discuss their draft supervisory statement addressing banks' approach to managing the financial risks from climate change. We are also working to better understand how the transition risks associated with emerging climate-related regulations will impact the firm and our clients. For example, we collaborated with peers to explore scenario analyses and stress testing that shed light on the sensitivities of companies' creditworthiness under select climate transition pathways, including a pathway related to new regulations.</td>
</tr>
<tr>
<td>Technology</td>
<td>Relevant, sometimes included</td>
</tr>
<tr>
<td></td>
<td>In transactions or investments in which climate-related technology is material, business units consider it in their analysis. We are also working to better understand how the transition risks associated with emerging climate-related technologies could impact the firm and our clients. For example, we collaborated with peers to explore scenario analyses and stress testing that shed light on the sensitivities of companies’ creditworthiness under select climate transition pathways, including a pathway related to a technological breakthrough.</td>
</tr>
<tr>
<td>Legal</td>
<td>Relevant, always included</td>
</tr>
<tr>
<td></td>
<td>Legal, regulatory and compliance risk includes the risk of legal or regulatory sanctions, material financial loss including fines, penalties, judgments, damages and/or settlements, or loss to reputation we may suffer as a result of our failure to comply with laws. Our Legal &amp; Compliance Division advises the firm on managing legal risk, and monitors our compliance with current and emerging regulatory and legal requirements, including climate-related regulations where applicable.</td>
</tr>
<tr>
<td>Market</td>
<td>Relevant, sometimes included</td>
</tr>
<tr>
<td></td>
<td>Our Market Risk Division assesses monitors and manages the firm’s risk, including risk to investments, due to changes in market conditions. In transactions in which market risk is material, business units consider it in their analysis.</td>
</tr>
<tr>
<td>Reputation</td>
<td>Relevant, always included</td>
</tr>
<tr>
<td></td>
<td>An example of a reputational risk is if a client’s operations created negative environmental impacts without proper controls in place. To assess potential material reputational risk exposure to the firm, the ESRM group supports deal teams globally by reviewing transactions for environmental and social risk. Depending on the results of the review, transactions may be escalated for further review to our Regional and Global Franchise Committees in addition to senior management.</td>
</tr>
<tr>
<td>Acute physical</td>
<td>Relevant, always included</td>
</tr>
<tr>
<td></td>
<td>Morgan Stanley maintains global programs for business continuity management and technology disaster recovery that facilitate activities designed to protect the firm during a business continuity event. A business continuity event is an interruption with potential impact to normal business activity of the firm’s people, operations, technology, suppliers, and/or facilities. In anticipation of forecasted events, BCM reviews business units’ plans to ensure that detailed recovery strategies (e.g., transference or relocation), which identify and detail the options available to recover critical business processes during an event, have been documented accordingly. In 2018, the firm monitored and reacted to 37 global weather/natural hazard events related to hurricanes, wildfires, blizzards, and earthquakes. As an example of the firm’s preparedness capabilities, during Hurricane Florence, client business was rerouted from closed offices to call centers and employees in 17 Wealth Management branches worked remotely. The firm temporarily lost the use of branch properties, but operated in business-as-usual mode throughout the event with all personnel accounted for.</td>
</tr>
<tr>
<td>Chronic physical</td>
<td>Relevant, always included</td>
</tr>
<tr>
<td></td>
<td>Ensuring business continuity and resiliency is a priority at Morgan Stanley. CS leads a wide range of initiatives to reduce our operational environmental impact and partners with GSF to develop and manage our operational climate goals. For example, we have invested in a number of renewable energy installations that will reduce our carbon footprint. Further, we consider climate change in the design and construction of our offices and data centers, to help ensure they remain functional over the long term.</td>
</tr>
<tr>
<td>Upstream</td>
<td>Relevant, always included</td>
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<tr>
<td></td>
<td>An essential element of our efforts to mitigate negative environmental impacts through our operations, which could damage our firm’s reputation and run counter to our environmental policies. We published a Supplier Code of Conduct in 2018 which, among other things, requires our suppliers to uphold our environmental and social risk management policies, and encourage them to implement their own policies and measures to reduce the environmental impact of their operations. In 2018, we sent a sustainability survey to approximately 300 suppliers to evaluate their performance. The survey aims to help identify potential sustainability risks in our supply chain, and incentivize best practices among our suppliers.</td>
</tr>
<tr>
<td>Downstream</td>
<td>Relevant, always included</td>
</tr>
<tr>
<td></td>
<td>Our environmental and social risk policies cover our transactions with clients across the firm, and aim to identify issues that could expose the firm to franchise risk. Transactions in-scope are reviewed both by ESRM and our business units for environmental and social risk. If a potentially significant issue is flagged, ESRM conducts enhanced due diligence to understand further how the risks are being mitigated and how impacts are being addressed by the company. Depending on the results of the review, transactions may be escalated for further review to our Regional and Global Franchise Committees in addition to senior management.</td>
</tr>
</tbody>
</table>
(C2.2d) Describe your process(es) for managing climate-related risks and opportunities.

Climate change is an economic reality and a growing risk the private sector is learning to address. At Morgan Stanley, we see tremendous opportunity to be part of the solution, working alongside policy makers, regulators and civil society. We seek to facilitate the low-carbon transition through policies, activities, products and services that support the mitigation of climate risks. We also seek to catalyze market-driven low-carbon opportunities.

Risks

GSF, the Institute for Sustainable Investing and ESRM help strategically inform and engage appropriate internal partners across the firm on emerging climate change-related risks, where relevant. ESRM supports deal teams globally, providing guidance on potential material franchise risk exposure to the firm. Transactions in-scope are reviewed both by ESRM and our business units for environmental and social risk. If a potentially significant issue is flagged, ESRM conducts enhanced due diligence to understand further how the risks are being mitigated and how impacts are being addressed by the company. Depending on the results of ERM’s review, transactions may be escalated for further review to our Regional and Global Franchise Committees in addition to senior management. In 2018, 1,033 transactions were referred to ESRM for environmental and social due diligence review, including 132 from the energy sector.

To better understand transition risks, in 2018, Morgan Stanley collaborated with peers to explore scenario analyses and stress testing that shed light on the sensitivities of companies’ creditworthiness. We are using the lessons learned to build our knowledge and capacity, informing our ongoing approach to managing climate change-related risks and opportunities.

Corporate Services and Business Continuity Management conduct systematic reviews to assess potential physical risks from natural disasters, which inform our real estate and property management strategies, disaster recovery and business continuity management. In 2018, the firm reacted to 37 global weather/natural hazard events related to hurricanes, wildfires, blizzards, and earthquakes. As an example of the firm’s preparedness, during Hurricane Florence, client business was rerouted from closed offices to call centers, and employees in 17 branches worked remotely. The firm temporarily lost the use of branch properties, but operated in business-as-usual mode throughout the event with all personnel accounted for.

To help manage our transition risks, in 2017, we set a target to become carbon neutral by 2022, with an aim to source 100% of our global operational electricity needs from renewable sources, and to offset any remaining emissions. To achieve this goal, we seek to develop on-site power generation, secure power purchase agreements, purchase renewable energy credits and pursue carbon offsets, as appropriate.

Opportunities

Our business segments partner with GSF to offer scalable financial solutions and advisory services that seek to deliver competitive financial returns while driving positive environmental and social impact. The Global Sustainability Bond Leadership and the Investment Management Sustainability Councils help the firm to identify climate-related opportunities.

Due to growing demand for low-carbon products coupled with the need to rapidly scale climate finance to meet the goals of the Paris Agreement, in April 2018, we announced plans to mobilize $250 billion to support low-carbon solutions by 2030. Our business activities in clean-tech and renewable energy financing, sustainable bonds and other relevant transactions and investments contribute to this commitment. In 2018, we mobilized nearly $30 billion in capital toward this goal.

To prioritize opportunities related to our facilities, we monitor the environmental performance of our facilities closely, our internal standards for construction and renovation projects require green technologies and equipment. The Corporate Services Global Sustainability Council helps ensure we seize climate-related opportunities in our operations by executing our operational sustainability strategy, which focuses on resource efficiency, renewable energy and identifying innovative ways to shrink the environmental impact of our operations globally.

We also develop informative analysis on climate change to help clients and other stakeholders navigate the low-carbon transition and seize opportunities. Our Sustainability Research team and the Institute for Sustainable Investing lead this work. For example, in 2018, the Institute published a white paper that explained how resilience planning across due diligence, design, disruption management and divestment decision-making may enable real assets investors to anticipate, prepare for, withstand and recover from natural disasters that are likely to become more frequent and intense.

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

No

C2.3b
(C2.3b) Why do you not consider your organization to be exposed to climate-related risks with the potential to have a substantive financial or strategic impact on your business?

<table>
<thead>
<tr>
<th>Primary reason</th>
<th>Please explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risks exist, but none with potential to have a substantive financial or strategic impact on business</td>
<td>Morgan Stanley recognizes that climate change is an economic reality and a growing risk that businesses and investors must learn to address. Where Morgan Stanley may face potential transition and physical risks from the ongoing impacts of climate change, we seek to deploy expertise and resources from many parts of the business to explore these issues. To better understand transition risks, in 2018, Morgan Stanley collaborated with peers to explore scenario analyses and stress testing that shed light on the sensitivities of companies’ creditworthiness under selected transition pathways. The results of the pilot scenarios did not identify climate risks likely to have a substantive financial impact on our business over the time frame tested. However, the pilot only focused on one segment of the firm and only on transition risks. We also understand that climate risks are complex, and the physical impacts become increasingly severe over time. As such, we seek to use the lessons learned from our initial scenario pilots to build knowledge and capacity across the firm, informing enhancements to our approach to climate change and further building resiliency into our business strategies.</td>
</tr>
</tbody>
</table>

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

**Identifier**

Oppt1

**Where in the value chain does the opportunity occur?**

Customer

**Opportunity type**

Products and services

**Primary climate-related opportunity driver**

Shift in consumer preferences

**Type of financial impact**

Better competitive position to reflect shifting consumer preferences, resulting in increased revenues

**Company-specific description**

A Morgan Stanley survey which polled 1,000 active individual investors in 2017 to understand perceptions, interest and trends in sustainable investing found that 82% of millennials surveyed expressed interest in climate change-related investments, and 75% agree that their investment decisions can have a positive impact on climate change. We are well-placed to respond to this increasing individual investor interest in climate change-focused investments, given Investing with Impact (IIP), a holistic solution from Morgan Stanley Wealth Management, offers clients the means to link their financial, societal and environmental impact goals.

**Time horizon**

Short-term

**Likelihood**

Virtually certain

**Magnitude of impact**

Medium

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

<Not Applicable>

**Potential financial impact figure – minimum (currency)**

12000000000

**Potential financial impact figure – maximum (currency)**

50000000000

**Explanation of financial impact figure**

We do not currently disclose activity specific revenue, but we do report on the assets under management on our Investing with Impact platform, which illustrates the scale of the opportunity. Our range includes a high estimation and a low estimation based on recent activity. 2013-2018, client assets invested on the Investing with Impact platform reached $25 billion, more than double our initial goal. Over the same time period moving forward, we expect the assets under management to continue to rise as investors increasingly demand sustainable investing products.

**Strategy to realize opportunity**

We offer more than 120 Investing with Impact products, tools and analysis for retail investors across thematic issues including climate change. In 2018, an internal survey of our IIP third-party managers found that more than 50 percent of their strategies aligned with at least one Sustainable Development Goal (SDG), and climate action was one of the top three most commonly advanced themes. To address the growing demand for sustainable and impact investments, we are also equipping our Financial Advisors with tools to help their clients meet specific objectives. For example, we developed the Climate Change and Fossil Fuel Aware Investing Tool Kit, which is designed as a road map for Morgan Stanley Financial Advisors to use with individual and institutional clients to develop a tailored investment approach to incorporate climate change and fossil fuel awareness into their portfolios based on their unique objectives. In 2018, we also supported Financial Advisor engagement with current and prospective clients by hosting seven Investing with Impact Roadshows. The cost of growing our Investing with Impact client assets is factored into our normal course of business (i.e. staffing and overhead), and we do not foresee any additional costs.
Cost to realize opportunity
0

Comment
Growing Investing with Impact client assets and enhancing our product offering is part of our normal course of business.

Identifier
Opp2

Where in the value chain does the opportunity occur?
Customer

Opportunity type
Products and services

Primary climate-related opportunity driver
Development and/or expansion of low emission goods and services

Type of financial impact
Increased revenue through demand for lower emissions products and services

Company-specific description
Recent research from Morgan Stanley finds that sustainable bonds, led by green bonds targeting environmental impact, have more than tripled since 2015. Industry-wide, green bond issuances stood at just $500 million in 2008, nearly doubled between 2015 and 2016, and grew nearly 68 percent in 2017. Reflecting the market's momentum and our commitment to sustainable investing, we developed a Global Sustainability Bond Leadership Council in 2017 to advance green and sustainable bond origination and execution globally, guiding our strategy for client solutions, investor engagement and thought leadership.

Time horizon
Current

Likelihood
Virtually certain

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
5000000000

Potential financial impact figure – maximum (currency)
20000000000

Explanation of financial impact figure
We do not currently disclose activity-specific revenue, but we do report sustainable finance activity metrics, which illustrate the scale of the opportunity. 2013-2018, we led approximately $62 billion in green, social and sustainable bond transactions, approx. $10 billion annually. In 2018, for instance, we were a bookrunner for Boston Properties' $1 billion 10-year inaugural green bond, focused on supporting green buildings; and structuring advisor for the World Bank’s first MXN 500 million “ocean” bond to support sustainable water management projects. We expect the issuance volume to rise as investors increasingly demand sustainable investing products, and companies are encouraged to build resilient business strategies and low-carbon solutions. In this context, our strategy is to adopt a holistic approach that focuses on the issuer and how the transaction fits credibly into its broader sustainability objectives.

Strategy to realize opportunity
The Global Sustainability Bond Leadership Council includes senior leaders from across the firm and aims to advance green and sustainable bond origination and execution globally. In 2018, its first full year of execution, the Council facilitated the development and delivery of sustainable solutions across our products, regions and divisions, and provided our clients with a full-service solution from the idea development phase through structuring, investor marketing and issuance. The cost of developing green bonds is factored into the normal course of business (i.e. staffing and overhead), and we do not foresee any additional costs.

Cost to realize opportunity
0

Comment
Developing green bonds is part of our normal course of business.

Identifier
Opp3

Where in the value chain does the opportunity occur?
Customer

Opportunity type
Markets

Primary climate-related opportunity driver
Use of public-sector incentives

Type of financial impact
Increased revenues through access to new and emerging markets (e.g., partnerships with governments, development banks)

Company-specific description
Even though the United States withdrew from the Paris Climate Accord, U.S. businesses and municipalities have come together as a driving force for climate action. As such, there are significant financing opportunities in assisting firms, governments and municipalities in the U.S. to adapt to physical climate changes. Morgan Stanley is well placed to support green infrastructure investments, as in 2018, we were the top underwriter of municipal green, social and sustainable bond underwritings by transactions completed in the U.S. In addition, our Community Development Finance has been supporting environmentally-friendly affordable housing development for nearly a decade.
For example, since 2010, we have committed over $18 billion in community development loans and investments, funding more than 99,000 affordable housing units and helping to create or retain 103,000 jobs.

Time horizon
Current

Likelihood
Virtually certain

Magnitude of impact
Low

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
750000000

Potential financial impact figure – maximum (currency)
3000000000

Explanation of financial impact figure
We do not currently disclose activity specific revenue, but we do report sustainable finance activity metrics, which illustrate the scale of the opportunity. Our range includes a high and low estimate based on recent green and sustainable bond issuances. In 2018, Morgan Stanley Public Finance served as senior manager for 16 green and sustainability bonds totaling approximately $1.5 billion. The transactions funded infrastructure projects that brought environmental and social benefits to communities around the United States, including mass transit, conservation and climate resiliency, and not-for-profit health care facilities. We also devise innovative financial instruments that support affordable housing and small business owners. The majority of our affordable housing projects help improve building resiliency by using environmentally friendly technologies in construction. For example, in 2018, we contributed $16 million for a net-zero energy affordable housing development in NY.

Strategy to realize opportunity
Our Global Sustainability Bond Leadership Council advances green and sustainable bond origination and execution globally, guiding our strategy for client solutions, investor engagement and though leadership. The Community Development Finance (CDF) Group designs and implements our community development program alongside community partners. In order to support and empower our partners to achieve their goals, CDF executes new and innovative transactions not routinely provided by private investors. Our program seeks to transform communities’ quality of life through a focus on: 1) Preservation and development of sustainable, multifamily affordable rental housing 2) Healthy communities 3) Equitable transit-oriented development 4) Economic development that supports quality jobs 5) Capital for underserved, small and rural markets 6) Capacity building for nonprofits. Since 2010, we have committed over $18 billion in community development loans and investments, funding more than 99,000 affordable housing units and helping to create or retain 103,000 jobs. For example, in 2018, we contributed $16 million for a net-zero energy affordable housing development in NY. The cost of developing financing solutions for green infrastructure products is factored into the normal course of business (i.e. staffing and overhead), and we do not foresee any additional costs.

Cost to realize opportunity
0

Comment
Our Public Finance and Community Development Finance activities are part of our normal course of business.

Identifier
Opp4

Where in the value chain does the opportunity occur?
Customer

Opportunity type
Products and services

Primary climate-related opportunity driver
Development and/or expansion of low emission goods and services

Type of financial impact
Increased revenue through demand for lower emissions products and services

Company-specific description
Investor interest in environmental and social solutions continues to rise, enabling our efforts to scale capital for low-carbon ventures. Morgan Stanley’s businesses are uniquely positioned to drive the development of low-carbon solutions in partnership with our clients, given our long history of using the scale and speed of capital markets to generate positive environmental and social benefits for innovative companies. Recognizing the need to rapidly scale climate finance, in April 2018, we announced plans to mobilize $250 billion to support low-carbon solutions by 2030.

Time horizon
Current

Likelihood
Virtually certain

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
1500000000

Potential financial impact figure – maximum (currency)
Explanation of financial impact figure
We do not currently disclose activity specific revenue, but we do report sustainable finance activity metrics, which illustrate the scale of the opportunity. Our range includes a high estimation and a low estimation based on recent activity. In 2018, we mobilized approximately $30 billion to support low-carbon solutions, so we expect this figure to increase as investors increasingly demand sustainable investing products, and companies are incentivized to build resilient strategies.

Strategy to realize opportunity
Our low-carbon financing target includes business activities in clean-tech and renewable energy financing, sustainable bonds and other relevant transactions and investments contribute to this commitment. The cost of developing low-carbon solutions is factored into the normal course of business (i.e. staffing and overhead), and we do not foresee any additional costs.

Cost to realize opportunity
0

Comment
Our low-carbon financing target falls within the normal scope of business.

Strategy to realize opportunity

Our low-carbon financing target includes business activities in clean-tech and renewable energy financing, sustainable bonds and other relevant transactions and investments contribute to this commitment. The cost of developing low-carbon solutions is factored into the normal course of business (i.e. staffing and overhead), and we do not foresee any additional costs.

Cost to realize opportunity
0

Comment
Our low-carbon financing target falls within the normal scope of business.

Explanation of financial impact figure
We are currently working to track our ESG assets under management within Investment Management, but we do not currently provide this information publicly.

Strategy to realize opportunity
At Morgan Stanley Investment Management, ESG integration includes consideration of climate-related issues; investment teams that incorporate ESG into their investment process are expected to be aware of climate-related risks and opportunities that could have significant impact on value. To build this awareness, portfolio managers and investment teams may evaluate, as applicable, the carbon footprint and intensity of their investments, as well as climate resiliency and adaptation strategies. Our understanding of climate change risks and opportunities is deepened through our engagement with companies, as we aim to better understand their emissions profiles, controls and preparedness to manage climate-related risks. The cost of developing ESG investment strategies is factored into the normal course of business (i.e. staffing and overhead), and we do not foresee any additional costs.

Cost to realize opportunity
0

Comment
This is part of our normal course of business.
(C2.5) Describe where and how the identified risks and opportunities have impacted your business.

<table>
<thead>
<tr>
<th>Impact and services</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Climate-related opportunities such as shifts in consumer preferences to sustainable investments have impacted our products and services across each business segment. Examples of climate-related products and services are highlighted below. Firmwide: We announced a goal to provide $250 billion in capital to support low-carbon solutions by 2030, and raised nearly $30 billion in the first year. Institutional Securities: In 2018, Morgan Stanley Financial Remained the top underwriter of municipal green, social and sustainability bond underwritings by transactions completed. In total, we underwrote 26 bond issuances for public sector and not-for-profit institutions, including 16 we senior managed. These transactions funded infrastructure projects that brought environmental and social benefits to communities around the United States, including mass transit, conservation and climate resiliency. Wealth Management: The Morgan Stanley Climate Change and Fossil Fuel Aware Investing Tool Kit is a roadmap for Morgan Stanley Financial Advisors to use with individual and institutional clients to develop a tailored investment approach, to incorporate climate change and fossil fuel awareness into their portfolios based on their unique objectives. In 2018, Morgan Stanley surveyed our investing with Impact strategies, and determined that 50% align with at least one SDG, with climate change being one of the top three issues most commonly supported. Investment Management: ESG integration includes consideration of climate-related issues; investment teams that incorporate ESG into their investment processes are expected to be aware of climate-related risks and opportunities that could have significant impact on value. To build this awareness, portfolio managers and investment teams may evaluate, as applicable, the carbon footprint and intensity of their investments, as well as climate resiliency and adaptation strategies. Our understanding of climate change risks and opportunities is deepened through our engagement with companies, as we aim to better understand their emissions profiles, controls and preparedness to manage climate-related risks. The overall magnitude of impact of product-related opportunities is high and positive. We expect this opportunity to continue to grow in the coming years given increasing investor and client interest.</td>
<td></td>
</tr>
<tr>
<td>Products and services</td>
<td>Impacted</td>
</tr>
<tr>
<td>Climate-related opportunities such as shifts in consumer preferences to sustainable investments have impacted our products and services across each business segment. Examples of climate-related products and services are highlighted below. Firmwide: We announced a goal to provide $250 billion in capital to support low-carbon solutions by 2030, and raised nearly $30 billion in the first year. Institutional Securities: In 2018, Morgan Stanley Financial Remained the top underwriter of municipal green, social and sustainability bond underwritings by transactions completed. In total, we underwrote 26 bond issuances for public sector and not-for-profit institutions, including 16 we senior managed. These transactions funded infrastructure projects that brought environmental and social benefits to communities around the United States, including mass transit, conservation and climate resiliency. Wealth Management: The Morgan Stanley Climate Change and Fossil Fuel Aware Investing Tool Kit is a roadmap for Morgan Stanley Financial Advisors to use with individual and institutional clients to develop a tailored investment approach, to incorporate climate change and fossil fuel awareness into their portfolios based on their unique objectives. In 2018, Morgan Stanley surveyed our investing with Impact strategies, and determined that 50% align with at least one SDG, with climate change being one of the top three issues most commonly supported. Investment Management: ESG integration includes consideration of climate-related issues; investment teams that incorporate ESG into their investment processes are expected to be aware of climate-related risks and opportunities that could have significant impact on value. To build this awareness, portfolio managers and investment teams may evaluate, as applicable, the carbon footprint and intensity of their investments, as well as climate resiliency and adaptation strategies. Our understanding of climate change risks and opportunities is deepened through our engagement with companies, as we aim to better understand their emissions profiles, controls and preparedness to manage climate-related risks. The overall magnitude of impact of product-related opportunities is high and positive. We expect this opportunity to continue to grow in the coming years given increasing investor and client interest.</td>
<td></td>
</tr>
<tr>
<td>Supply chain and value chain</td>
<td>Impacted</td>
</tr>
<tr>
<td>To promote support for Morgan Stanley’s environmental objectives, we aspire to develop effective relationships with contractors and suppliers, to encourage their environmental awareness and to promote support for Morgan Stanley’s environmental objectives (e.g., environmental purchasing policies, assessing vendor compliance with accepted environmental standards). In 2018, we published a Supplier Code of Conduct which, among other criteria, requires our suppliers to uphold our environmental and social risk management policies, and encourages them to implement their own policies and measures to reduce the environmental impact of their operations. We have not yet identified substantive ESG risks in our supply chain, but we are working to build capacity within our sourcing team to identify and understand ESG risks to support enhancements to our strategy moving forward. For example, in 2018, we sent a sustainability survey to approximately 300 suppliers to evaluate their performance. Given we introduced our Supplier Code of Conduct only in the past year, the magnitude of impact is low, but we anticipate it will grow as we work to better understand ESG risks and opportunities in our supply chain, including those related to climate change.</td>
<td></td>
</tr>
<tr>
<td>Adaptation and mitigation activities</td>
<td>Impacted</td>
</tr>
<tr>
<td>Our low-carbon financing goal helps our clients to invest in adaptation and mitigation strategies, both for their own operations and in their goods and services. In 2018, we mobilized nearly $30 billion to support low-carbon strategies. In terms of our own operations, climate-related opportunities such as use of lower-emission sources of energy have impacted our adaptation and mitigation activities. In 2017, Morgan Stanley committed to become carbon neutral by 2022, with an aim to source 100% 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% 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 GHG 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. The overall magnitude of impact of this opportunity is medium currently, as we are still working to address our carbon neutrality goal. Once we have achieved our goal the impact will be high.</td>
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<tr>
<td>Investment in R&amp;D</td>
<td>Impacted</td>
</tr>
<tr>
<td>We have two distinct teams within the firm dedicated to research on sustainability topics, which help us monitor and understand existing and emerging climate-related risks. The Morgan Stanley Institute for Sustainable Investing is dedicated to accelerating the adoption of sustainable investing strategies, which seek to deliver both competitive financial returns and positive environmental and social impact. The Institute develops insightful analysis to inform and empower investors. Climate change is one of two thematic focus areas of the Institute’s thought leadership. For example, in 2018, the Institute published a paper on integrating climate resilience into real assets investing to provide infrastructure investors with a framework for identifying and understanding climate risk. Within Equity Research, the Sustainability Research team provides insights into risks and opportunities related to ESG issues that can impact investment performance, including those related to climate change. For example, in 2018, the team launched 13 reports that address the SDGs that we view as investable from a public equities standpoint, including SDG 7 (Affordable &amp; Clean Energy). The overall magnitude of impact of research-related opportunities is high and positive.</td>
<td></td>
</tr>
<tr>
<td>Operations</td>
<td>Impacted</td>
</tr>
<tr>
<td>Climate-related opportunities such as use of lower-emission sources of energy have impacted our operations. In 2017, Morgan Stanley committed to become carbon neutral by 2022, with an aim to source 100% of our global operational electricity needs from renewable sources and to offset any remaining emissions. In addition, we aim to reduce energy usage by 30% by 2022, from a 2012 baseline. Already, our on-site solar and fuel cell installations generate more than 9 million kWh of clean electricity annually. Since 2006, we have reduced our office greenhouse gas emissions per square foot by 36%. The overall magnitude of impact of this opportunity is medium currently, as we are still working to address our carbon neutrality goal. Once we have achieved our goal the impact will be high.</td>
<td></td>
</tr>
<tr>
<td>Other, please specify</td>
<td>Please select</td>
</tr>
</tbody>
</table>

C2.6
(C2.6) Describe where and how the identified risks and opportunities have been factored into your financial planning process.

<table>
<thead>
<tr>
<th>Relevance</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td><strong>Impacted</strong> We do not currently disclose activity-specific revenue, but we do report sustainable finance activity metrics, which illustrate the scale of the opportunity. For example, we raised $30 billion toward our low-carbon financing goal in 2018 from transactions and investments across the firm. We expect this opportunity to grow as investors increasingly demand sustainable investing products, and companies are incentivized to build resilient strategies. As we work to drive demand for climate-related products among our client base and in the market more broadly, we will continue to find revenue-generating opportunities for the firm, while supporting the transition to a low-carbon economy. The overall magnitude of impact of product-related opportunities is high and positive. We expect this opportunity to continue to grow in the coming years given increasing investor and client interest.</td>
</tr>
<tr>
<td>Operating costs</td>
<td><strong>Impacted</strong> Climate-related opportunities related to energy efficiency have affected our operating cost. Morgan Stanley actively pursues projects that will reduce our energy use and associated greenhouse gas emissions. Since 2012, we have reduced our global energy expenses by $11.7MM (15%). The overall magnitude of impact of this opportunity is medium currently, as we are still working to address our energy reduction targets announced alongside our carbon neutrality goal. Once achieved, the impact will be high.</td>
</tr>
<tr>
<td>Capital expenditures/capital allocation</td>
<td><strong>Impacted</strong> We use data collection and analysis, and measurement against our own goals and standards, to prioritize opportunities related to our facilities. Internal standards for construction and renovation projects require green technologies and equipment, cost evaluation and ability to improve workplaces for employees. External standards used include LEED and BREEAM. A continuous commissioning program monitors numerous data points to optimize energy efficiency and identify opportunities for further improvements in our buildings and data centers. The overall magnitude of impact of this opportunity is medium currently, as we are still working to address our carbon neutrality goal. Once we have achieved our goal, the impact will be high.</td>
</tr>
<tr>
<td>Acquisitions and divestments</td>
<td><strong>Impacted</strong> With increasing investor interest in ESG issues, our investment banking teams help to advise clients as well as raise and mobilize capital to support sustainability-focused, clean technology and renewable energy businesses. Our industry, regional and country teams provide specialized expertise to corporations, financial institutions and government clients looking to execute innovative solutions to address sustainability challenges and meet sustainability goals. In 2018, we advised clients on a number of acquisitions related to climate change. For example, Morgan Stanley served as sole financial advisor to LS Power, a U.S. power and energy infrastructure owner, on their acquisition of CPower, a leader in demand response and distributed energy resources in North America helping organizations save on energy costs and achieve sustainability goals. The positive impact of climate-related risks and opportunities on our access to capital is currently high, but we anticipate further growth in opportunity in the coming years given increasing investor and client interest.</td>
</tr>
<tr>
<td>Access to capital</td>
<td><strong>Impacted</strong> In 2015, Morgan Stanley issued a $500 million green bond to help fund the development of renewable energy and energy-efficiency projects, which help avoid and reduce greenhouse gas emissions. To provide additional transparency to our process, DNV GL, an independent certification expert, reviewed Morgan Stanley’s internal green bond framework and its adherence to the Green Bond Principles. Proceeds from the sale of the notes were deposited into a Morgan Stanley account for tracking disbursements. Morgan Stanley and its consolidated subsidiaries allocated funds in amounts equal to the balance of the account to renewable energy and energy efficiency projects. By December 31, 2015, all of the net proceeds of this issuance were allocated to eligible green projects. When the timing is appropriate and beneficial to our business, we would consider issuing a similar instrument to support further climate-related enhancements at the firm. In addition, investor interest in environmental and social solutions continues to rise, enabling our efforts to scale capital for low-carbon products and solutions. The positive impact of climate-related risks and opportunities on our access to capital is currently medium, but we anticipate further growth in opportunity in the coming years given increasing investor and client interest.</td>
</tr>
<tr>
<td>Assets</td>
<td><strong>Impacted</strong> Climate-related opportunities such as use of lower-emission sources of energy have influenced operational decisions related to our assets. To achieve our carbon neutrality goal, we are considering on-site power generation, power purchase agreements, renewable energy credits and carbon offsets. We recently completed a 1,800 kW solar array at a data center in Somerset, New Jersey. The overall magnitude of impact of this opportunity is medium currently, as we are still working to address our carbon neutrality goal. Once we have achieved our goal the impact will be high.</td>
</tr>
<tr>
<td>Liabilities</td>
<td><strong>Impacted</strong> We took on debt when we issued our green bond in 2015, if we were to issue another bond in the future to support climate-related activities, we would take on debt again. The impact of green bond issuance on our liabilities is low.</td>
</tr>
<tr>
<td>Other</td>
<td>Please select</td>
</tr>
</tbody>
</table>

C3. Business Strategy

C3.1 (C3.1) Are climate-related issues integrated into your business strategy?

Yes

C3.1a (C3.1a) Does your organization use climate-related scenario analysis to inform your business strategy?

Yes, qualitative
(C3.1c) Explain how climate-related issues are integrated into your business objectives and strategy.

Climate change is an economic reality and a growing risk that businesses and investors are learning to address. At Morgan Stanley, we see tremendous opportunity to be part of the solution, working alongside public policy makers, regulators, civil society and the private sector, and are factoring this opportunity into our business decisions. We seek to facilitate an orderly transition to a low-carbon economy through policies, activities, products and services that support the mitigation of climate risks. We also seek to catalyze market-driven low-carbon opportunities. To reduce our own footprint, we are committed to achieving carbon neutrality for our global operations by 2022.

A significant climate-related business decision in 2018 was our commitment to mobilize $250 billion to support low-carbon solutions by 2030. Our existing business activities in clean-tech and renewable energy financing, sustainable bonds and other relevant transactions and investments contribute to this commitment. In 2018, we mobilized nearly $30 billion in capital toward this goal.

Moving forward, we will explore ways to strengthen our approach to climate change by drawing on the TCFD recommendations in ways that benefit our company and stakeholders. As a first step, in 2018, we collaborated with peers to explore scenario analyses and stress testing that shed light on the sensitivities of companies’ creditworthiness under select climate transition pathways. We will use the lessons learned to build our knowledge and capacity, informing our ongoing approach to managing climate change-related risks and opportunities.

The most substantial climate-related strategy decision for our own operations is our commitment to become carbon neutral for our global operations by 2022. Our goal is to source 100% of global operational electricity needs from renewable sources and to offset any remaining emissions. Our approach includes developing on-site power generation, securing power purchase agreements, buying renewable energy credits and pursuing carbon offsets. In addition, we aim to reduce energy usage by 20 percent by 2022, from a 2012 baseline.

C3.1d

(C3.1d) Provide details of your organization’s use of climate-related scenario analysis.

<table>
<thead>
<tr>
<th>Climate-related scenarios</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other, please specify (Designed our own in partnership with a consultant)</td>
<td>In 2018, we collaborated with peers to design two custom scenarios to pilot climate-related stress testing, and shed light on the sensitivities of companies' creditworthiness. The group engaged an external consultant to help design the scenarios, including inputs, assumptions and the analytical method. The pilot stress tests examined the impacts of two short-term transition risk pathways, one related to a technological breakthrough and the other related to a policy development. The results of the pilot scenarios did not identify climate risks likely to have a substantive financial impact on our business over the time frame tested. We are not sharing more detailed results at this time, but we are using the lessons learned to build our knowledge and capacity across the firm, and inform enhancements to our approach to climate change, further building resiliency into our business strategies.</td>
</tr>
</tbody>
</table>

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Absolute target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number
Abs 1

Scope
Other, please specify (S1+2 (market-based)+3 (Business Travel))

% emissions in Scope
100

Targeted % reduction from base year
100

Base year
2012

Start year
2017
Please explain
In September 2017, Morgan Stanley committed to become carbon neutral by 2022. The goal (Abs1) covers 100 percent of global Scope 1, Scope 2 market-based, and Scope 3 business travel emissions. Morgan Stanley recognizes this target is not eligible for CDP consideration because it will involve the purchase of carbon offsets, but we are reporting it here to communicate the goal publicly and to our investors. Our additional absolute targets (Abs2 and Abs3) reported below do not involve carbon offsets and will help us achieve our broader goal of carbon neutrality.

Please explain
Abs2 results from two public targets associated with our commitment to achieve carbon neutrality for global operations by 2022. These public targets are (1) our commitment to source 100 percent of global electricity needs from renewable electricity by 2022 (See “Renewable Energy Consumption” in C4.2) and (2) our aim to achieve 20 percent reduction in energy usage by 2022 from a 2012 baseline, on an absolute basis (See “Energy Usage” in C4.2). Translated into carbon terms, these commitments cover 100 percent of our Scope 1 + 2 (market-based) emissions, and they will result in an absolute reduction of more than 90% from our base year 2012 emissions. We consider this a science-based target because it exceeds the 2.1% year-on-year emissions reductions required by CDP as well as the high-end projection of 72% absolute emissions reduction by 2050 from 2010 levels required to stay under 2 degrees Celsius outlined in IPCC Fifth Assessment Report RCP2.6.

Please explain
Abs3 results from two public targets associated with our commitment to achieve carbon neutrality for global operations by 2022. These public targets are (1) our commitment to source 100 percent of global electricity needs from renewable electricity by 2022 (See “Renewable Energy Consumption” in C4.2) and (2) our aim to achieve 20 percent reduction in energy usage by 2022 from a 2012 baseline, on an absolute basis (See “Energy Usage” in C4.2). Translated into carbon terms, these commitments cover 100 percent of our Scope 1 + 2 (market-based) emissions, and they will result in an absolute reduction of more than 90% from our base year 2012 emissions. We consider this a science-based target because it exceeds the 2.1% year-on-year emissions reductions required by CDP as well as the high-end projection of 72% absolute emissions reduction by 2050 from 2010 levels required to stay under 2 degrees Celsius outlined in IPCC Fifth Assessment Report RCP2.6.
% of target achieved
45

Target status
Underway

Please explain
Abs3 results from two public targets associated with our commitment to achieve carbon neutrality for global operations by 2022. These public targets are (1) our commitment to source 100 percent of global electricity needs from renewable electricity by 2022 (See “Renewable Energy Consumption” in C4.2) and (2) our aim to achieve 20 percent reduction in energy usage by 2022 from a 2012 baseline, on an absolute basis (See “Energy Usage” in C4.2). Translated into carbon terms, these commitments cover 100 percent of our Scope 1 + 2 (market-based) emissions, and they will result in an absolute reduction of more than 90% from our base year 2012 emissions. We consider this a science-based target because it exceeds the 2.1% year-on-year emissions reductions required by CDP as well as the high-end projection of 72% absolute emissions reduction by 2050 from 2010 levels required to stay under 2 degrees Celsius outlined in IPCC Fifth Assessment Report RCP2.6. We are committed to this target over the medium-term (Abs2) and long-term (Abs3).
(C4.2) Provide details of other key climate-related targets not already reported in question C4.1a/b.

**Target**
Renewable electricity consumption

**KPI – Metric numerator**
% renewable electricity consumption

**KPI – Metric denominator (intensity targets only)**
N/A

**Base year**
2012

**Start year**
2017

**Target year**
2022

**KPI in baseline year**
0

**KPI in target year**
100

**% achieved in reporting year**
18

**Target Status**
Underway

**Please explain**
In September 2017, Morgan Stanley committed to become carbon neutral by 2022. As part of this goal, Morgan Stanley will source 100 percent of its global electricity needs from renewable energy. With the Firm’s commitment to procure 100 percent renewable electricity, Morgan Stanley is joining RE100, an initiative led by the Climate Group and CDP uniting more than 100 companies committed to working to increase demand for – and delivery of – renewable energy. This target covers 100% of global operations and is the primary mechanism behind our absolute carbon goals (Abs2 and Abs3).

**Part of emissions target**
Abs2, Abs3

**Is this target part of an overarching initiative?**
RE100

---

**Target**
Energy usage

**KPI – Metric numerator**
Energy consumption (MWh)

**KPI – Metric denominator (intensity targets only)**
N/A

**Base year**
2012

**Start year**
2017

**Target year**
2022

**KPI in baseline year**
873570

**KPI in target year**
698860

**% achieved in reporting year**
100

**Target Status**
Underway

**Please explain**
In September 2017, Morgan Stanley committed to become carbon neutral by 2022. As part of this commitment, the Firm has updated its energy reduction targets and will continue to report on them annually. Morgan Stanley aims to achieve a 20 percent reduction in energy usage by 2022 from a 2012 baseline, on an absolute basis. This target covers 100% of global operations and will help us to achieve our absolute carbon goals (Abs2 and Abs3).

**Part of emissions target**
Abs2, Abs3

**Is this target part of an overarching initiative?**
No, it’s not part of an overarching initiative
(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.
Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

<table>
<thead>
<tr>
<th>Stage</th>
<th>Number of initiatives</th>
<th>Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under investigation</td>
<td>3</td>
<td>122</td>
</tr>
<tr>
<td>To be implemented*</td>
<td>3</td>
<td>121</td>
</tr>
<tr>
<td>Implementation commenced*</td>
<td>1</td>
<td>282</td>
</tr>
<tr>
<td>Implemented*</td>
<td>19</td>
<td>3360</td>
</tr>
<tr>
<td>Not to be implemented</td>
<td>5</td>
<td>391</td>
</tr>
</tbody>
</table>

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

<table>
<thead>
<tr>
<th>Initiative type</th>
<th>Description of initiative</th>
<th>Estimated annual CO2e savings (metric tonnes CO2e)</th>
<th>Scope</th>
<th>Voluntary/Mandatory</th>
<th>Annual monetary savings (unit currency – as specified in C0.4)</th>
<th>Investment required (unit currency – as specified in C0.4)</th>
<th>Payback period</th>
<th>Estimated lifetime of the initiative</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low-carbon energy purchase</td>
<td>Other, please specify (Wind)</td>
<td>670</td>
<td>Scope 2 (market-based)</td>
<td>Voluntary</td>
<td>0</td>
<td>2820</td>
<td>No payback</td>
<td>&lt;1 year</td>
<td></td>
</tr>
<tr>
<td>Energy efficiency: Building services</td>
<td>Building controls</td>
<td>180</td>
<td>Scope 2 (market-based)</td>
<td>Voluntary</td>
<td>41100</td>
<td>37904</td>
<td>1-3 years</td>
<td>6-10 years</td>
<td></td>
</tr>
<tr>
<td>Initiative type</td>
<td>Description of initiative</td>
<td>Estimated annual CO2e savings (metric tonnes CO2e)</td>
<td>Scope</td>
<td>Scope 2 (market-based)</td>
<td>Voluntary/Mandatory</td>
<td>Voluntary</td>
<td>Annual monetary savings (unit currency – as specified in C0.4)</td>
<td>Investment required (unit currency – as specified in C0.4)</td>
<td>Payback period</td>
</tr>
<tr>
<td>----------------</td>
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<td>----------------</td>
</tr>
<tr>
<td>HVAC</td>
<td></td>
<td>780</td>
<td>Scope</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td>686493</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Voluntary/Mandatory</td>
<td></td>
<td>Voluntary</td>
<td></td>
<td></td>
<td>2096511</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Annual monetary savings (unit currency – as specified in C0.4)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<td></td>
<td>Investment required (unit currency – as specified in C0.4)</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Payback period</td>
<td>4 - 10 years</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Estimated lifetime of the initiative</td>
<td>6-10 years</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comment</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Initiative type</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Description of initiative</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Estimated annual CO2e savings (metric tonnes CO2e)</td>
<td>1320</td>
<td>Scope</td>
<td>2 (market-based)</td>
<td></td>
<td>Voluntary</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scope 2 (market-based)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Voluntary/Mandatory</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Voluntary</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual monetary savings (unit currency – as specified in C0.4)</td>
<td>651621</td>
<td>Investment required (unit currency – as specified in C0.4)</td>
<td>2196568</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payback period</td>
<td>4 - 10 years</td>
<td>Estimated lifetime of the initiative</td>
<td>6-10 years</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Comment**

Initiative type
- Energy efficiency: Building services

Description of initiative
- Lighting

Estimated annual CO2e savings (metric tonnes CO2e)
- 1320

Scope
- Scope 2 (market-based)

Voluntary/Mandatory
- Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
- 651621

Investment required (unit currency – as specified in C0.4)
- 2196568

Payback period
- 4 - 10 years

Estimated lifetime of the initiative
- 6-10 years

**Comment**

Initiative type
- Process emissions reductions

Description of initiative
- Changes in operations

Estimated annual CO2e savings (metric tonnes CO2e)
- 410

Scope
- Scope 2 (market-based)

Voluntary/Mandatory
- Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
- 117684

Investment required (unit currency – as specified in C0.4)
- 320979

Payback period
- 1-3 years

Estimated lifetime of the initiative
- 6-10 years

**Comment**

C4.3c
(C4.3c) What methods do you use to drive investment in emissions reduction activities?

<table>
<thead>
<tr>
<th>Method</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compliance with regulatory requirements/standards</td>
<td></td>
</tr>
<tr>
<td>Financial optimization calculations</td>
<td></td>
</tr>
<tr>
<td>Internal incentives/recognition programs</td>
<td></td>
</tr>
</tbody>
</table>

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

Yes

(C4.5a)
(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

**Level of aggregation**
Group of products

**Description of product/Group of products**
Green bonds are fixed income securities for which the proceeds will be used for projects with clearly mandated environmental benefits. The projects typically involve renewable energy, energy efficiency, sustainable land use and clean water.

**Are these low-carbon product(s) or do they enable avoided emissions?**
Low-carbon product

**Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions**
Other, please specify (Green Bond Principles)

**% revenue from low carbon product(s) in the reporting year**

**Comment**
We do not currently disclose activity specific revenue, but we do report sustainable finance activity metrics, which illustrate the scale of the opportunity. Between 2013 and 2018, we have led approximately $62 billion in green, social and sustainable bond transactions, representing an annual average of around $10 billion.

---

**Level of aggregation**
Group of products

**Description of product/Group of products**
Morgan Stanley Capital Group Inc. (MSCGI) helps advance wind farms and solar installations across the U.S. by providing offtake agreements and hedging products to projects. This provides stable cash flows for developers, allowing them to complete the financing and construction process.

**Are these low-carbon product(s) or do they enable avoided emissions?**
Low-carbon product

**Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions**
Other, please specify (Internal due diligence)

**% revenue from low carbon product(s) in the reporting year**

**Comment**
We do not currently disclose activity specific revenue, but we do report sustainable finance activity metrics, which illustrate the scale of the opportunity. In 2018, MSCGI provided long-term hedging transactions to over 750 MW of renewable projects.

---

**Level of aggregation**
Group of products

**Description of product/Group of products**
Recognizing the need to rapidly scale climate finance, in April 2018, we announced plans to mobilize $250 billion to support low-carbon solutions by 2030. Our business activities in clean-tech and renewable energy financing, sustainable bonds and other relevant transactions and investments contribute to this commitment.

**Are these low-carbon product(s) or do they enable avoided emissions?**
Low-carbon product

**Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions**
Other, please specify (Internal due diligence)

**% revenue from low carbon product(s) in the reporting year**

**Comment**
We do not currently disclose activity specific revenue, but we do report sustainable finance activity metrics, which illustrate the scale of the opportunity. In 2018, we mobilized nearly $30 billion in capital toward this goal.

---

**Level of aggregation**
Group of products

**Description of product/Group of products**
Investing with Impact (IIP), a holistic solution from Morgan Stanley Wealth Management, offers clients the means to link their financial, societal and environmental impact goals. Leveraging capabilities and expertise from across the firm, IIP seeks to generate market-rate financial returns, alongside positive environmental and social impact. IIP investment strategies and solutions are available across all asset classes, including public equity, fixed income (including green bonds) and alternatives.

**Are these low-carbon product(s) or do they enable avoided emissions?**
Low-carbon product

**Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions**
Other, please specify (Internal due diligence)

**% revenue from low carbon product(s) in the reporting year**

**Comment**
We do not currently disclose activity specific revenue, but we do report sustainable finance activity metrics, which illustrate the scale of the opportunity. As of year-end, IIP client assets totaled approximately $25 billion, more than double the firm’s five-year goal of $10 billion by November 2018.

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C5. Emissions methodology

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C5.1
(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start  
January 1 2012

Base year end  
December 31 2012

Base year emissions (metric tons CO2e)  
30990

Comment

Scope 2 (location-based)

Base year start  
January 1 2012

Base year end  
December 31 2012

Base year emissions (metric tons CO2e)  
317530

Comment

Scope 2 (market-based)

Base year start  
January 1 2012

Base year end  
December 31 2012

Base year emissions (metric tons CO2e)  
327000

Comment

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)  
29800

Start date  
January 1 2018

End date  
December 31 2018

Comment

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based  
We are reporting a Scope 2, location-based figure

Scope 2, market-based  
We are reporting a Scope 2, market-based figure

Comment
C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based
209,300

Scope 2, market-based (if applicable)
183,900

Start date
January 1 2018

End date
December 31 2018

Comment

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

No

C6.5

(C6.5) Account for your organization's Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status
Relevant, calculated

Metric tonnes CO2e
1,277,000

Emissions calculation methodology
Morgan Stanley global spend data obtained from finance and organized by account codes for all sources was categorized by SIC sector. Emission sources already accounted for in other categories were excluded from calculation (e.g.: utilities, air travel, waste disposal). Emission factors from indirect emissions from the supply chain in Table 13 of DEFRA's "UK's Carbon Footprint 1997-2016" were individually applied to product categories. Global warming potentials come from the IPCC Fourth Assessment Report, 100 year averages.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

Explanation

Capital goods

Evaluation status
Relevant, calculated

Metric tonnes CO2e
215,000

Emissions calculation methodology
Morgan Stanley global spend data obtained from finance and organized by account codes for all sources was categorized by SIC sector. Members of the finance team flagged appropriate account codes as representing spend on capital goods. Emission sources already accounted for in other categories were excluded from calculation (e.g.: utilities, air travel, waste disposal). Emission factors from indirect emissions from the supply chain in Table 13 of DEFRA's "UK's Carbon Footprint 1997-2016" were individually applied to product categories. Global warming potentials come from the IPCC Fourth Assessment Report, 100 year averages.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

Explanation
Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status
Relevant, calculated

Metric tonnes CO2e
51100

Emissions calculation methodology
Activity data for this category is fuel and energy purchases assembled during compilations of the Scope 1 & 2 inventories. Upstream emissions from fuel purchases are calculated using cradle to gate emission factors from life cycle assessment software. Within the US, upstream emissions from purchased electricity are calculated emission factors calculated using lifecycle analysis software, and T&D losses are calculated using T&D loss information from EPA’s Year 2016 eGRID emission factors, Feb. 2018. Outside of the US, upstream emissions from purchased electricity and emissions from T&D losses are both calculated using emission factors from Defra’s 2015 Guidelines. Steam boilers are assumed to operate on natural gas. Water chillers are assumed to operate on electricity from the local grid. Global warming potentials come from the IPCC’s Fourth Assessment Report, 100 year averages.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
90

Explanation
Upstream transportation and distribution

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Explanation
The minimal data for this category is already included in Category 1

Waste generated in operations

Evaluation status
Relevant, calculated

Metric tonnes CO2e
6870

Emissions calculation methodology
Approximately 26% of total waste generation is tracked at the site level. Using data collected from Morgan Stanley sites in NYC and London, waste and recycling production factors per square foot of office space are estimated for US and International sites. Using these factors, waste and recycling production is extrapolated for all sites in Morgan Stanley’s inventory that do not collect primary data. Measured and estimated waste are categorized by type of material and diversion method, including recycling, composting, incineration, and landfilling. Factors based on the US EPA’s WARM model are used to assign emission factors per ton of generated waste. Factors are from the EPA, Office of Resource Conservation and Recovery (February 2016) Documentation for Greenhouse Gas Emission and Energy Factors used in the Waste Reduction Model (WARM Version 14) with additional data provided from EPA, WARM-15 Background Data. Waste emissions factors are consistent with the GHG Protocol Scope 3 guidance, and include the voluntary transportation emissions, with an assumed average distance traveled to the processing facility. International waste is assumed to have the same emission factors as US waste. Offsets from recycling, waste to energy, and composting are excluded from reported emissions. Global warming potentials come from the IPCC’s Fourth Assessment Report, 100 year average, and are used to convert all waste emission factors into CO2e.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
26

Explanation

Business travel

Evaluation status
Relevant, calculated

Metric tonnes CO2e
121800

Emissions calculation methodology
Included in this category are: air travel, rail travel, chartered flights, car rentals, car services, and reimbursed mileage for Morgan Stanley's global operations. Activity data is tracked using a third party travel agency. For flights, the activity data includes cabin class and trip duration, which is disaggregated into flight distance thresholds (short haul, medium haul, long haul). Emission factors for flights, by cabin class and distance threshold, are from UK Defra’s 2016 Guidelines. For rail travel, emissions are calculated using a standard emission factor from the EPA’s Emissions Factors Hub applied to distance traveled. For ground transportation, actual volumes of fuel were converted to emissions using factors from the EPA’s Emission Factors hub. Where fuel volumes were unavailable, fuel consumed was estimated using average vehicle gas mileage. Global warming potentials come from the IPCC’s Fourth Assessment Report, 100 year averages.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Explanation
Employee commuting

Evaluation status
Relevant, calculated

Metric tonnes CO2e
112850

Emissions calculation methodology
For each business region, full time equivalents (FTEs) are allocated to three commuting mode types – car, public transport, and walking. For each region, average commute duration and average speed of commute are estimated using regional averages for commuting distance, time and speed, as well as a breakdown of modes of transit, collected from the literature. These factors are scaled based on FTEs in each region to estimate miles per year commuted via each mode of transit in each region. Average emission factors from the EPA’s Emission Factors Hub for car and public transport are applied to the total miles traveled for employees in each region. Global warming potentials come from the IPCC’s Fourth Assessment Report, 100 year averages.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

Explanation

Upstream leased assets

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Explanation
All leases have already been included within Scopes 1 & 2

Downstream transportation and distribution

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Explanation
Our Scope 3 screening assessment established that downstream transportation and distribution is not relevant to our business. The screening assessment did identify that client travel to/from our facilities could be classified under the Scope 3 category however it was determined to be insignificant in scale.

Processing of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Explanation
Our Scope 3 screening assessment established that we do not have intermediate products that require further processing, transformation, or inclusion in another product before use. Therefore the processing of sold products category is not relevant as there are no emissions resulting from processing our products/services subsequent to sale to our clients and before use by the end consumer.

Use of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Explanation
Our Scope 3 screening assessment established that we do not have “direct” use-phase emissions from any of our products/services. “Indirect” use-phase emissions were identified for the electricity consumed by our customers to power technology to access our online services. These emissions were concluded to be insignificant in scale.
End of life treatment of sold products

**Evaluation status**
Not relevant, calculated

**Metric tonnes CO2e**
6000

**Emissions calculation methodology**
Activity data for this category is the total global weight of paper-distributed to clients in the form of brochures, statements, envelopes, and stationary, assembled by the paper procurement team in each region. It is assumed that all paper is distributed to clients, and all products find their way to landfills. The US EPA’s WARM model (2012) is used to assign end of life emission factors per ton of paper thrown away. International waste paper is assumed to have the same emission factors as U.S. waste paper. Global warming potentials come from the IPCC’s Second Assessment Report, 100 year averages.

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**
100

**Explanation**
After calculating the emissions in this category based on the total global weight of paper-distributed to clients in the form of brochures, statements, envelopes, and stationary in 2013, we determined that the resultant emissions (6,000 tCO2e) are not relevant given the scale of the rest of our Scope 1, 2 & 3 inventory.

Downstream leased assets

**Evaluation status**
Relevant, calculated

**Metric tonnes CO2e**
200

**Emissions calculation methodology**
Included in this category are the emissions from electricity use and natural gas consumption in spaces that Morgan Stanley leases to a third party at our Westchester site. Activity data comes from electricity and natural gas invoices paid by Morgan Stanley. Emissions from electricity are calculated using region-specific emission factors from the US EPA’s 2016 eGrid. Natural gas emissions are calculated using the emission factor from the US EPA’s Emission Factors Hub. Global warming potentials come from the IPCC’s Fourth Assessment Report, 100 year averages.

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**
100

**Explanation**
Franchises

**Evaluation status**
Not relevant, explanation provided

**Metric tonnes CO2e**
<Not Applicable>

**Emissions calculation methodology**
<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**
<Not Applicable>

**Explanation**
We do not operate Franchises and therefore this Scope 3 category is not relevant to our business.

Investments

**Evaluation status**
Not relevant, explanation provided

**Metric tonnes CO2e**
<Not Applicable>

**Emissions calculation methodology**
<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**
<Not Applicable>

**Explanation**
There is not yet an approved methodology for calculating and disclosing scope 3 emissions from investments. We are monitoring market initiatives such as the SBTi and CDP to develop guidance, and will consider the relevancy of investments when a robust, defensible framework or equivalent standard is developed.

Other (upstream)

**Evaluation status**
Not applicable
Other (downstream)

Evaluation status

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Explanation

C6.7

(C6.7) Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?
No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure
0.00000518

Metric numerator (Gross global combined Scope 1 and 2 emissions)
213700

Metric denominator
unit total revenue

Metric denominator: Unit total
40107000000

Scope 2 figure used
Market-based

% change from previous year
5.39

Direction of change
Decreased

Reason for change
The decrease in emissions per unit total revenue is driven by emission reduction activities, such as increases in renewable energy purchasing and energy efficiency projects (see C4.3b for a full list), that held the increase in total S1 and S2 (market-based) emissions to 2.8% while revenue increased by 5.7% between 2017 and 2018.

Intensity figure
3.9567177

Metric numerator (Gross global combined Scope 1 and 2 emissions)
213700

Metric denominator
full time equivalent (FTE) employee

Metric denominator: Unit total
60348

Scope 2 figure used
Market-based

% change from previous year
4.5

Direction of change
Decreased

Reason for change
The decrease in emissions per full time equivalent (FTE) employee is driven by emission reduction activities, such as increases in renewable energy purchasing and energy efficiency projects (see C4.3b for a full list), that held the increase in total S1 and S2 (market-based) emissions to 2.8%, while FTEs increased 4.7% between 2017 and 2018.

C7. Emissions breakdowns
C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?
Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

<table>
<thead>
<tr>
<th>Greenhouse gas</th>
<th>Scope 1 emissions (metric tons of CO2e)</th>
<th>GWP Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO2</td>
<td>27930</td>
<td>IPCC Fourth Assessment Report (AR4 - 100 year)</td>
</tr>
<tr>
<td>CH4</td>
<td>15</td>
<td>IPCC Fourth Assessment Report (AR4 - 100 year)</td>
</tr>
<tr>
<td>N2O</td>
<td>25</td>
<td>IPCC Fourth Assessment Report (AR4 - 100 year)</td>
</tr>
<tr>
<td>HFCs</td>
<td>1830</td>
<td>IPCC Fourth Assessment Report (AR4 - 100 year)</td>
</tr>
</tbody>
</table>

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

<table>
<thead>
<tr>
<th>Country/Region</th>
<th>Scope 1 emissions (metric tons CO2e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States of America</td>
<td>22560</td>
</tr>
<tr>
<td>United Kingdom of Great Britain and northern Ireland</td>
<td>1450</td>
</tr>
<tr>
<td>Hungary</td>
<td>480</td>
</tr>
<tr>
<td>India</td>
<td>280</td>
</tr>
<tr>
<td>China, Hong Kong Special Administrative Region</td>
<td>190</td>
</tr>
<tr>
<td>France</td>
<td>160</td>
</tr>
<tr>
<td>Turkey</td>
<td>90</td>
</tr>
<tr>
<td>Japan</td>
<td>50</td>
</tr>
<tr>
<td>Spain</td>
<td>40</td>
</tr>
<tr>
<td>Australia</td>
<td>20</td>
</tr>
<tr>
<td>Canada</td>
<td>20</td>
</tr>
<tr>
<td>Germany</td>
<td>20</td>
</tr>
<tr>
<td>Italy</td>
<td>10</td>
</tr>
<tr>
<td>China</td>
<td>10</td>
</tr>
<tr>
<td>Other, please specify (Rest of World)</td>
<td>4420</td>
</tr>
</tbody>
</table>

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By facility
By activity
### C7.3b Break down your total gross global Scope 1 emissions by business facility.

<table>
<thead>
<tr>
<th>Facility</th>
<th>Scope 1 emissions (metric tons CO2e)</th>
<th>Latitude</th>
<th>Longitude</th>
</tr>
</thead>
<tbody>
<tr>
<td>North Eastern Wealth Management Branches (multiple sites)</td>
<td>4670</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1585 Broadway</td>
<td>4660</td>
<td>40.753357</td>
<td>-73.987196</td>
</tr>
<tr>
<td>Central Wealth Management Branches (multiple sites)</td>
<td>4340</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Southern Wealth Management Branches (multiple sites)</td>
<td>2860</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Western Wealth Management Branches (multiple sites)</td>
<td>2710</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Westchester</td>
<td>1730</td>
<td>41.016756</td>
<td>-73.711198</td>
</tr>
<tr>
<td>20 Bank Street</td>
<td>710</td>
<td>51.502085</td>
<td>-0.022115</td>
</tr>
<tr>
<td>1 New York Plaza</td>
<td>520</td>
<td>40.702332</td>
<td>-74.012303</td>
</tr>
<tr>
<td>Budapest - Millennium 3</td>
<td>280</td>
<td>47.497912</td>
<td>19.046235</td>
</tr>
<tr>
<td>S22 5th Ave</td>
<td>240</td>
<td>46.754805</td>
<td>-73.986848</td>
</tr>
<tr>
<td>122 Waterloo Street</td>
<td>200</td>
<td>55.86051</td>
<td>-4.26196</td>
</tr>
<tr>
<td>Croydon</td>
<td>190</td>
<td>51.3837</td>
<td>-0.136197</td>
</tr>
<tr>
<td>DC1</td>
<td>180</td>
<td>40.549076</td>
<td>-74.542152</td>
</tr>
<tr>
<td>Heathrow</td>
<td>170</td>
<td>51.476022</td>
<td>-0.454295</td>
</tr>
<tr>
<td>RMZ Ecoworld</td>
<td>170</td>
<td>12.92856</td>
<td>77.68178</td>
</tr>
<tr>
<td>Mexico Park</td>
<td>160</td>
<td>37.418843</td>
<td>-122.209201</td>
</tr>
<tr>
<td>Paris - Monceau</td>
<td>160</td>
<td>48.87655</td>
<td>2.312311</td>
</tr>
<tr>
<td>International Commerce Centre</td>
<td>150</td>
<td>22.303392</td>
<td>114.160159</td>
</tr>
<tr>
<td>Baltimore Thames Street Wharf</td>
<td>120</td>
<td>39.281161</td>
<td>-76.594211</td>
</tr>
<tr>
<td>Budapest - Millennium 1</td>
<td>120</td>
<td>47.47399</td>
<td>19.07012</td>
</tr>
<tr>
<td>25 Cabot Square</td>
<td>120</td>
<td>51.50501</td>
<td>-0.023906</td>
</tr>
<tr>
<td>Non-stationary Sources</td>
<td>4390</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rest of World</td>
<td>950</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### C7.3c

### C7.3c Break down your total gross global Scope 1 emissions by business activity.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Scope 1 emissions (metric tons CO2e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data Center</td>
<td>1170</td>
</tr>
<tr>
<td>Office</td>
<td>24240</td>
</tr>
<tr>
<td>Travel</td>
<td>4390</td>
</tr>
</tbody>
</table>

### C7.5

### C7.5 Break down your total gross global Scope 2 emissions by country/region.

<table>
<thead>
<tr>
<th>Country/Region</th>
<th>Scope 2, location-based (metric tons CO2e)</th>
<th>Scope 2, market-based (metric tons CO2e)</th>
<th>Purchased and consumed electricity, heat, steam or cooling (MWh)</th>
<th>Purchased and consumed low-carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States of America</td>
<td>131570</td>
<td>131570</td>
<td>875980</td>
<td>1010</td>
</tr>
<tr>
<td>United Kingdom of Great Britain and Northern Ireland</td>
<td>24800</td>
<td>0</td>
<td>87600</td>
<td>87600</td>
</tr>
<tr>
<td>India</td>
<td>18570</td>
<td>18570</td>
<td>22410</td>
<td>0</td>
</tr>
<tr>
<td>China, Hong Kong Special Administrative Region</td>
<td>13760</td>
<td>13760</td>
<td>18660</td>
<td>0</td>
</tr>
<tr>
<td>Japan</td>
<td>5850</td>
<td>5850</td>
<td>10780</td>
<td>0</td>
</tr>
<tr>
<td>China</td>
<td>3000</td>
<td>3000</td>
<td>4550</td>
<td>0</td>
</tr>
<tr>
<td>Australia</td>
<td>2940</td>
<td>2940</td>
<td>3490</td>
<td>0</td>
</tr>
<tr>
<td>Hungary</td>
<td>1820</td>
<td>1820</td>
<td>6610</td>
<td>0</td>
</tr>
<tr>
<td>Republic of Korea</td>
<td>1120</td>
<td>1120</td>
<td>2500</td>
<td>0</td>
</tr>
<tr>
<td>Singapore</td>
<td>1060</td>
<td>1060</td>
<td>2430</td>
<td>0</td>
</tr>
<tr>
<td>Other, please specify (Rest of the World)</td>
<td>4610</td>
<td>3570</td>
<td>17180</td>
<td>3510</td>
</tr>
</tbody>
</table>

### C7.6

### C7.6 Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By facility

By activity
**C7.6b** Break down your total gross global Scope 2 emissions by business facility.

<table>
<thead>
<tr>
<th>Facility</th>
<th>Scope 2 location-based emissions (metric tons CO2e)</th>
<th>Scope 2, market-based emissions (metric tons CO2e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ashburn</td>
<td>21690</td>
<td>21690</td>
</tr>
<tr>
<td>DC1</td>
<td>18450</td>
<td>18450</td>
</tr>
<tr>
<td>DC2</td>
<td>14230</td>
<td>14230</td>
</tr>
<tr>
<td>Southern Wealth Management Branches (multiple sites)</td>
<td>13530</td>
<td>13530</td>
</tr>
<tr>
<td>Central Wealth Management Branches (multiple sites)</td>
<td>13480</td>
<td>13480</td>
</tr>
<tr>
<td>20 Bank Street</td>
<td>9030</td>
<td>0</td>
</tr>
<tr>
<td>International Commerce Centre</td>
<td>9600</td>
<td>8600</td>
</tr>
<tr>
<td>North Eastern Wealth Management Branches (multiple sites)</td>
<td>8680</td>
<td>8680</td>
</tr>
<tr>
<td>1585 Broadway</td>
<td>8450</td>
<td>8450</td>
</tr>
<tr>
<td>Heathrow</td>
<td>7020</td>
<td>0</td>
</tr>
<tr>
<td>Croydon</td>
<td>6220</td>
<td>0</td>
</tr>
<tr>
<td>Western Wealth Management Branches (multiple sites)</td>
<td>6040</td>
<td>6040</td>
</tr>
<tr>
<td>1 New York Plaza</td>
<td>6000</td>
<td>6000</td>
</tr>
<tr>
<td>Remaining facilities under 5,000 tCO2e</td>
<td>67680</td>
<td>64550</td>
</tr>
</tbody>
</table>

**C7.6c**

**C7.6c** Break down your total gross global Scope 2 emissions by business activity.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Scope 2, location-based emissions (metric tons CO2e)</th>
<th>Scope 2, market-based emissions (metric tons CO2e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data Center</td>
<td>84100</td>
<td>70860</td>
</tr>
<tr>
<td>Office</td>
<td>125200</td>
<td>113040</td>
</tr>
</tbody>
</table>

**C7.9**

**C7.8** How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Increased

**C7.9a**
(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined) and for each of them specify how your emissions compare to the previous year.

<table>
<thead>
<tr>
<th>Change in emissions (metric tons CO2e)</th>
<th>Direction of change</th>
<th>Emissions value (percentage)</th>
<th>Please explain calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in renewable energy consumption</td>
<td>670</td>
<td>Decreased 0.3</td>
<td>This year, several subsidiaries in Europe - in the UK, Spain, Italy, Switzerland, Luxembourg, and Germany - increased the amount of electricity secured from suppliers via contracts for 100% renewable electricity backed by Guarantees of Origin. This reduced our total S1+S2 (market-based) emissions by 0.3%. In total 670 tCO2e were avoided by these renewable energy purchases and our total S1 and S2 (market-based) emissions in the previous year were 207,800 tCO2e, therefore we arrived at 0.3% through (670/207,800)*100% = 0.3%.</td>
</tr>
<tr>
<td>Other emissions reduction activities</td>
<td>2690</td>
<td>Decreased 1.3</td>
<td>This year, we have implemented various projects at sites around the globe to reduce our S1+S2 energy use in office space (aligned with our emission reduction target) by 1.3%. In total 2,690 tCO2e were reduced by our emissions reduction projects, and our total S1 and S2 (market-based) emissions in the previous year were 207,800 tCO2e, therefore we arrived at 1.3% through (2,690/207,800)*100% = 1.3%.</td>
</tr>
<tr>
<td>Divestment</td>
<td>&lt;Not Applicable&gt;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisitions</td>
<td>&lt;Not Applicable&gt;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mergers</td>
<td>&lt;Not Applicable&gt;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in output</td>
<td>&lt;Not Applicable&gt;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in methodology</td>
<td>&lt;Not Applicable&gt;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in boundary</td>
<td>&lt;Not Applicable&gt;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in physical operating conditions</td>
<td>&lt;Not Applicable&gt;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unidentified</td>
<td>9260</td>
<td>Increased 4.5</td>
<td>This unidentified emissions increase is the result of a combination of change in output and business requirements balanced against uncalculated emissions reductions activities due to the ongoing implementation of our energy management programs. We are not including these in the ‘change in output’ category because we are unable to designate these changes as output increases rather than changes in business requirements or changes resulting from other factors. We had 9,260 tCO2e unaccounted for emission increases from 2017-2018, and our total S1 and S2 (market-based) emissions in the previous year was 207,800 tCO2e, therefore we arrived at 4.5% through (9,260/207,800)*100% = 4.5%.</td>
</tr>
<tr>
<td>Other</td>
<td>&lt;Not Applicable&gt;</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Market-based

C8. Energy

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

(C8.2) Select which energy-related activities your organization has undertaken.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Indicate whether your organization undertakes this energy-related activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumption of fuel (excluding feedstocks)</td>
<td>Yes</td>
</tr>
<tr>
<td>Consumption of purchased or acquired electricity</td>
<td>Yes</td>
</tr>
<tr>
<td>Consumption of purchased or acquired heat</td>
<td>No</td>
</tr>
<tr>
<td>Consumption of purchased or acquired steam</td>
<td>Yes</td>
</tr>
<tr>
<td>Consumption of purchased or acquired cooling</td>
<td>Yes</td>
</tr>
<tr>
<td>Generation of electricity, heat, steam, or cooling</td>
<td>Yes</td>
</tr>
</tbody>
</table>
(C8.2a) Report your organization’s energy consumption totals (excluding feedstocks) in MWh.

<table>
<thead>
<tr>
<th>Consumption of fuel (excluding feedstocks)</th>
<th>Heating value</th>
<th>MWh from renewable sources</th>
<th>MWh from non-renewable sources</th>
<th>Total MWh</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumption of purchased or acquired electricity</td>
<td>&lt;Not Applicable&gt;</td>
<td>9110</td>
<td>433700</td>
<td>524810</td>
</tr>
<tr>
<td>Consumption of purchased or acquired heat</td>
<td>&lt;Not Applicable&gt;</td>
<td>&lt;Not Applicable&gt;</td>
<td>&lt;Not Applicable&gt;</td>
<td>&lt;Not Applicable&gt;</td>
</tr>
<tr>
<td>Consumption of purchased or acquired steam</td>
<td>&lt;Not Applicable&gt;</td>
<td>0</td>
<td>2510</td>
<td>2510</td>
</tr>
<tr>
<td>Consumption of purchased or acquired cooling</td>
<td>&lt;Not Applicable&gt;</td>
<td>0</td>
<td>23860</td>
<td>23860</td>
</tr>
<tr>
<td>Consumption of self-generated non-fuel renewable energy</td>
<td>&lt;Not Applicable&gt;</td>
<td>1010</td>
<td>&lt;Not Applicable&gt;</td>
<td>1010</td>
</tr>
<tr>
<td>Total energy consumption</td>
<td>&lt;Not Applicable&gt;</td>
<td>91120</td>
<td>597400</td>
<td>688520</td>
</tr>
</tbody>
</table>

(C8.2b) Select the applications of your organization’s consumption of fuel.

<table>
<thead>
<tr>
<th>Consumption of fuel for the generation of electricity</th>
<th>Indicate whether your organization undertakes this fuel application</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumption of fuel for the generation of heat</td>
<td>Yes</td>
</tr>
<tr>
<td>Consumption of fuel for the generation of steam</td>
<td>No</td>
</tr>
<tr>
<td>Consumption of fuel for the generation of cooling</td>
<td>No</td>
</tr>
</tbody>
</table>

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

**Fuels (excluding feedstocks)**

**Diesel**

*Heating value*

HHV (higher heating value)

**Total fuel MWh consumed by the organization**

110

**MWh fuel consumed for self-generation of electricity**

0

**MWh fuel consumed for self-generation of heat**

110

**MWh fuel consumed for self-generation of steam**

<Not Applicable>

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self-cogeneration or self-trigeneration**

<Not Applicable>

**Comment**

**Fuels (excluding feedstocks)**

**Fuel Oil Number 2**

*Heating value*

HHV (higher heating value)

**Total fuel MWh consumed by the organization**

3400

**MWh fuel consumed for self-generation of electricity**

3400

**MWh fuel consumed for self-generation of heat**

0

**MWh fuel consumed for self-generation of steam**

<Not Applicable>

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self-cogeneration or self-trigeneration**
Comment

Fuels (excluding feedstocks)
Motor Gasoline
Heating value
HHV (higher heating value)
Total fuel MWh consumed by the organization
490
MWh fuel consumed for self-generation of electricity
0
MWh fuel consumed for self-generation of heat
490
MWh fuel consumed for self-generation of steam
<Not Applicable>
MWh fuel consumed for self-generation of cooling
<Not Applicable>
MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Comment

Fuels (excluding feedstocks)
Jet Kerosene
Heating value
HHV (higher heating value)
Total fuel MWh consumed by the organization
17150
MWh fuel consumed for self-generation of electricity
0
MWh fuel consumed for self-generation of heat
17150
MWh fuel consumed for self-generation of steam
<Not Applicable>
MWh fuel consumed for self-generation of cooling
<Not Applicable>
MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Comment

Fuels (excluding feedstocks)
Natural Gas
Heating value
HHV (higher heating value)
Total fuel MWh consumed by the organization
116180
MWh fuel consumed for self-generation of electricity
16270
MWh fuel consumed for self-generation of heat
99910
MWh fuel consumed for self-generation of steam
<Not Applicable>
MWh fuel consumed for self-generation of cooling
<Not Applicable>
MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Comment

C8.2d
(C8.2d) List the average emission factors of the fuels reported in C8.2c.

**Diesel**

**Emission factor**
22.51726

**Unit**
lb CO2e per gallon

**Emission factor source**

**Comment**

**Fuel Oil Number 2**

**Emission factor**
22.58433

**Unit**
lb CO2e per gallon

**Emission factor source**

**Comment**

**Jet Kerosene**

**Emission factor**
21.5702

**Unit**
lb CO2e per gallon

**Emission factor source**

**Comment**

**Motor Gasoline**

**Emission factor**
19.39903

**Unit**
lb CO2e per gallon

**Emission factor source**

**Comment**

**Natural Gas**

**Emission factor**
120.1425

**Unit**
lb CO2e per 1000 cubic ft3

**Emission factor source**

**Comment**

(C8.2e) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

<table>
<thead>
<tr>
<th></th>
<th>Total Gross generation (MWh)</th>
<th>Generation that is consumed by the organization (MWh)</th>
<th>Gross generation from renewable sources (MWh)</th>
<th>Generation from renewable sources that is consumed by the organization (MWh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>9720</td>
<td>9720</td>
<td>1010</td>
<td>1010</td>
</tr>
<tr>
<td>Heat</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Steam</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Cooling</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

CDP
C8.2f

(C8.2f) Provide details on the electricity, heat, steam and/or cooling amounts that were accounted for at a low-carbon emission factor in the market-based Scope 2 figure reported in C6.3.

**Basis for applying a low-carbon emission factor**
Off-grid energy consumption from an on-site installation or through a direct line to an off-site generator owned by another company

**Low-carbon technology type**
Solar PV

**Region of consumption of low-carbon electricity, heat, steam or cooling**
North America

**MWh consumed associated with low-carbon electricity, heat, steam or cooling**
1010

**Emission factor (in units of metric tons CO2e per MWh)**
0

**Comment**
At the end of 2013, we completed installation on and began operating a 750 kW solar installation at our 2000 Westchester facility. In fiscal year 2018, we generated and consumed 1,010 MWh from this installation.

---

**Basis for applying a low-carbon emission factor**
Contract with suppliers or utilities (e.g. green tariff), supported by energy attribute certificates

**Low-carbon technology type**
Solar PV
Wind
Hydropower

**Region of consumption of low-carbon electricity, heat, steam or cooling**
Europe

**MWh consumed associated with low-carbon electricity, heat, steam or cooling**
91110

**Emission factor (in units of metric tons CO2e per MWh)**
0

**Comment**
In 2017, several subsidiaries in Europe - in the UK, Switzerland, Luxembourg, and Germany - contracted with their electricity suppliers to secure 100% renewable electricity backed by Guarantees of Origin. In 2018, additional subsidiaries in Spain and Italy contracted with their electricity suppliers to secure 100% renewable electricity backed by Guarantees of Origin.

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C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

<table>
<thead>
<tr>
<th>Scope</th>
<th>Verification/Assurance status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 1</td>
<td>Third-party verification or assurance process in place</td>
</tr>
<tr>
<td>Scope 2 (location-based or market-based)</td>
<td>Third-party verification or assurance process in place</td>
</tr>
<tr>
<td>Scope 3</td>
<td>Third-party verification or assurance process in place</td>
</tr>
</tbody>
</table>

C10.1a
(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 and/or Scope 2 emissions and attach the relevant statements.

Scope
Scope 1

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
Morgan Stanley 2018 - CDP GHG Verification Statement Limited.pdf

Page/ section reference
1

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

Scope
Scope 2 location-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
Morgan Stanley 2018 - CDP GHG Verification Statement Limited.pdf

Page/ section reference
1

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

Scope
Scope 2 market-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
Morgan Stanley 2018 - CDP GHG Verification Statement Limited.pdf

Page/ section reference
1

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

C10.1b
(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope
Scope 3- at least one applicable category

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Attach the statement
Morgan Stanley 2018 - CDP GHG Verification Statement Limited.pdf

Page/section reference
1

Relevant standard
ISO14064-3

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?
No, but we are actively considering verifying within the next two years

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?
Yes

C11.1a

(C11.1a) Select the carbon pricing regulation(s) which impacts your operations.
EU ETS
Other ETS, please specify (U.K. Carbon Reduction Commitment)

C11.1b
(C11.1b) Complete the following table for each of the emissions trading systems in which you participate.

EU ETS

| % of Scope 1 emissions covered by the ETS | 3 |
| Period start date | January 1 2018 |
| Period end date | December 31 2018 |
| Allowances allocated | 902 |
| Allowances purchased | 902 |
| Verified emissions in metric tons CO2e | 902 |
| Details of ownership | Other, please specify (Both owned and leased facilities) |
| Comment | Both owned and leased facilities we operate in the U.K., including Data Centers |

Other ETS, please specify

| % of Scope 1 emissions covered by the ETS | 8 |
| Period start date | April 1 2017 |
| Period end date | March 31 2018 |
| Allowances allocated | 2460 |
| Allowances purchased | 2460 |
| Verified emissions in metric tons CO2e | 2460 |
| Details of ownership | Other, please specify (Both owned and leased facilities) |
| Comment | Both owned and leased facilities we operate in the U.K., including Data Centers |

(C11.1d) What is your strategy for complying with the systems in which you participate or anticipate participating?

Morgan Stanley's strategy for complying with the European Union Emissions Trading Scheme (EU ETS) is to purchase allowances. For example, in 2018, we took the following steps to be compliant:
- Calculated total carbon allowances needed for compliance;
- Completed an independent verification aligned with EU ETS requirements;
- Purchased required allowances and surrendered back to the EU Registry before the compliance deadline.

Morgan Stanley's strategy for complying with the United Kingdom Carbon Reduction Commitment (UK CRC) is also broadly to purchase allowances. For example, in the 2017/2018 compliance year, we took the following steps to be compliant:
- Obtained EU ETS permits for the applicable sites. Once EU ETS permits start, these sites will have full-year exemptions from CRC and comply solely with the EU ETS;
- For the UK sites for which EU ETS obligations are not required or applicable, CRC was applied;
- For the period of April 2017 through March 2018, Morgan Stanley purchased allowances under the CRC. A CRC Evidence Pack was developed, which provides the necessary documentation and supplemental information. For the April 2017 through March 2018 period, we declared and purchased a total of 2,460 allowances. For the 2018/2019 period, we will be conducting the same process.

We are also working to help manage the transition risks associated with carbon prices through our goal to be carbon neutral and source 100% of our global energy need from renewables by 2022.

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

No
C11.3 Does your organization use an internal price on carbon?
No, and we do not currently anticipate doing so in the next two years

C12. Engagement

C12.1 Do you engage with your value chain on climate-related issues?
Yes, our suppliers
Yes, our customers
Yes, other partners in the value chain

C12.1a Provide details of your climate-related supplier engagement strategy.

<table>
<thead>
<tr>
<th>Type of engagement</th>
<th>Details of engagement</th>
<th>% of suppliers by number</th>
<th>% total procurement spend (direct and indirect)</th>
<th>% Scope 3 emissions as reported in C6.5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compliance &amp; onboarding</td>
<td>Code of conduct featuring climate change KPIs</td>
<td>100</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Rationale for the coverage of your engagement
In 2018, we published a Supplier Code of Conduct which requires our suppliers to follow our environmental policies and encourages them to reduce the environmental impact of their operations. The Code applies to all of our vendors to ensure a standard level of practice throughout our supply chain.

Impact of engagement, including measures of success
As the Code was just launched in 2018, we have not yet measured its impact across our supply chain. In the future, we hope that all of our vendors comply with the code and seek to implement some of the voluntary measures, such as developing their own environmental policies.

Comment

<table>
<thead>
<tr>
<th>Type of engagement</th>
<th>Details of engagement</th>
<th>% of suppliers by number</th>
<th>% total procurement spend (direct and indirect)</th>
<th>% Scope 3 emissions as reported in C6.5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information collection (understanding supplier behavior)</td>
<td>Other, please specify (Collect climate change and carbon information)</td>
<td>2</td>
<td>54</td>
<td></td>
</tr>
</tbody>
</table>

Rationale for the coverage of your engagement
In 2018, we sent a sustainability survey to approximately 300 global suppliers, which we prioritized based on spend and service type. This level of coverage addresses more than 50% of our total procurement spend and maximizes the leverage of the engagement.

Impact of engagement, including measures of success
We are currently reviewing the survey results. This engagement has not yet produced observable impacts, but one significant internal impact thus far is that it has allowed us to better understand our suppliers’ approach to sustainability and identify alignment and synergy opportunities with our own climate-related initiatives. For example, the survey requested supplier information about emission reduction goals. As a result, we are developing a better understanding of where these issues align with our own and if there are any misalignments. If an issue is identified with a vendor, we will engage with them directly to address the problem. For areas of alignment, we are considering ways to expand and capitalize on these through our regular engagement with these suppliers.

Comment
(C12.1b) Give details of your climate-related engagement strategy with your customers.

**Type of engagement**
Collaboration & innovation

**Details of engagement**
Run a campaign to encourage innovation to reduce climate change impacts

**% of customers by number**
100

**% Scope 3 emissions as reported in C6.5**

Please explain the rationale for selecting this group of customers and scope of engagement
In 2018, we committed to mobilizing $250 billion to support low-carbon solutions by 2030. Prior to launching the commitment, GSF met with each key business unit to socialize the target and continues to support the campaign around low-carbon financing with external clients in partnership with teams across the firm. Our rationale for this level of coverage is that given the scale of the opportunity, it is important to explore opportunities across our client base, as appropriate.

**Impact of engagement, including measures of success**
Success in engaging our clients can be measured by the growth of our sustainable investing products in services. In 2018, we mobilized, advised and catalyzed $30 billion towards our low-carbon financing goal. In addition, client assets on the Morgan Stanley Wealth Management Investing with Impact platform reached $25 billion, more than double our initial goal set in 2013.

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(C12.1c) Give details of your climate-related engagement strategy with other partners in the value chain.

Other partners in the value chain we frequently engage with on climate-related issues include NGOs. Engagement with NGOs on climate-related topics may include:
- Direct engagement through one-on-one or small group dialogues on specific sustainability topics, risks or emerging issues
- Involvement in collaborative initiatives and membership organizations
- Participation in third-party events and networks.

This feedback informs our ongoing environmental and social risk management enhancements.

In addition to our ongoing efforts, in 2018, Morgan Stanley participated in a roundtable with environmental non-governmental organizations to discuss how financial institutions are addressing climate change. We also host an annual roundtable for stakeholders focused on a sustainability topic, which to date has included climate-related topics. In 2016, the roundtable wholly focused on climate risk and opportunities in order to refine our sustainability strategy and enhance our ability to advance sustainable investing in the marketplace. Our goal was to engage deeply on how we can enhance our business approaches in this area, with leadership from senior management. The Morgan Stanley Institute for Sustainable Investing Advisory Board and senior firm leadership reviewed the roundtable’s key findings.

The Morgan Stanley Institute for Sustainable Investing also regularly engages with stakeholders on opportunities to accelerate the adoption of sustainable business and sustainable investing. In 2018, GSF represented the Institute in the Ceres Investor Network on Climate Risk and Sustainability, the Global Impact Investing Network (GIIN) Investors’ Council, the Interfaith Center on Corporate Responsibility and the Intentional Endowments Network.

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(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

- Direct engagement with policy makers
- Trade associations
- Funding research organizations

---

(C12.3a)
### C12.3a On what issues have you been engaging directly with policy makers?

<table>
<thead>
<tr>
<th>Focus of legislation</th>
<th>Corporate position</th>
<th>Details of engagement</th>
<th>Proposed legislative solution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Climate finance</td>
<td>Support</td>
<td>During 2017, Morgan Stanley supported two joint corporate statements urging the United States to stay in the Paris Agreement, coordinated by the Center for Climate and Energy Solutions and the B Team global business leaders group. Morgan Stanley has previously publicly supported climate finance through public policy engagement. For example, in advance of the 2015 UNFCCC COP 21, Morgan Stanley and six other major U.S. banks issued a joint statement calling for cooperation among governments in reaching a global climate agreement. The statement called for clear, stable policy frameworks that are needed to accelerate and further scale investments in climate solutions.</td>
<td>The statements signed in 2017 support the U.S. staying in the Paris Agreement.</td>
</tr>
<tr>
<td>Climate finance</td>
<td>Support</td>
<td>In 2017, our CEO, James Gorman, joined around 100 global business leaders in signing a statement of support for the TCFD.</td>
<td>No proposed legislation, but the TCFD was convened by the FSB.</td>
</tr>
<tr>
<td>Climate finance</td>
<td>Support</td>
<td>In November 2018, Morgan Stanley participated in a roundtable hosted by the Prudential Regulatory Authority to discuss their draft supervisory statement addressing banks’ approach to managing the financial risks from climate change.</td>
<td>The PRA has issued a supervisory statement requiring banks and insurers to embed the consideration of the financial risks from climate change into governance, risk management, strategy and disclosure.</td>
</tr>
</tbody>
</table>

### C12.3b Are you on the board of any trade associations or do you provide funding beyond membership?
Yes

### C12.3c Enter the details of those trade associations that are likely to take a position on climate change legislation.

#### Trade association
International Emissions Trading Association (IETA)

**Is your position on climate change consistent with theirs?**
Consistent

**Please explain the trade association’s position**
International Emissions Trading Association (IETA) is a nonprofit business organization created to establish a functional international framework for trading in GHG emission reductions. Membership includes international companies from across the carbon trading cycle. Members seek to develop an emissions trading regime that results in real and verifiable GHG emission reductions, while balancing economic efficiency with environmental integrity and social equity.

**How have you influenced, or are you attempting to influence their position?**
Morgan Stanley participates on IETA’s various U.S. and Canadian working groups. Morgan Stanley’s engagement focuses on implementation and details of how these mechanisms are implemented (i.e., detail of implementation and scheme design). The Firm supports proposals that increase efficiency, transparency, stability and effectiveness of the mechanisms.

#### Trade association
Australian Financial Markets Association (AFMA)

**Is your position on climate change consistent with theirs?**
Consistent

**Please explain the trade association’s position**
The Australian Financial Markets Association (AFMA) is the peak industry association for Australia’s wholesale banking and financial markets. These markets play a pivotal role in the Australian economy by making it possible for Australian financial institutions and companies to conduct business with each other and with their counterparts overseas. AFMA represents over 130 industry participants in the wholesale banking and financial markets, including Australian and foreign banks, securities companies, state government treasury corporations, fund managers, traders in electricity and other specialized markets and industry service providers.

**How have you influenced, or are you attempting to influence their position?**
Morgan Stanley participates on AFMA’s environmental markets working group to engage on topics of the emissions trading scheme that is legislated in Australia and the Mandatory Renewable Energy Target legislation. The Firm’s engagement focuses on implementation and details of how these mechanisms are implemented (i.e., detail of implementation and scheme design). Morgan Stanley supports proposals that increase efficiency, transparency, stability and effectiveness of the mechanisms.

#### Trade association
The Electric Power Research Institute, Inc. (EPRI)

**Is your position on climate change consistent with theirs?**
Mixed

**Please explain the trade association’s position**
The Electric Power Research Institute, Inc. (EPRI) conducts research, development and demonstration relating to the generation, delivery and use of electricity for the benefit of the public. As an independent, nonprofit organization, EPRI brings together scientists, engineers and experts from academia and the industry to help address challenges in electricity, including generation, delivery and use, management and environmental responsibility.

**How have you influenced, or are you attempting to influence their position?**
Morgan Stanley engages through shared leadership in the form of a senior Morgan Stanley executive on the board and executive committee of EPRI. In addition, a Morgan Stanley executive sits on the EPRI Advisory Council.

#### Trade association
The U.S. Partnership for Renewable Energy Finance (US PREF)

**Is your position on climate change consistent with theirs?**
Consistent

Please explain the trade association’s position
The U.S. Partnership for Renewable Energy Finance (US PREF) is a coalition of senior-level financiers who invest in all sectors of the energy industry, including renewable energy. PREF members meet with policymakers to provide their perspectives on how renewable energy finance policies affect the market, and how proposed policies could affect the market. US PREF is not a lobbying organization or an advisory committee to government, rather, it is an educational program that provides expert input on how the renewable energy finance market works.

How have you influenced, or are you attempting to influence their position?
Morgan Stanley is an active member of US PREF.

Trade association
Ceres

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association’s position
Ceres is an advocate for sustainability leadership. Ceres mobilizes a powerful network of investors, companies and public interest groups to accelerate and expand the adoption of sustainable business practices and solutions to build a healthy global economy. Ceres’ mission is to mobilize investor and business leadership to build a thriving, sustainable global economy.

How have you influenced, or are you attempting to influence their position?
Morgan Stanley is a member of Ceres, and the CEO of Ceres is a member of the Morgan Stanley Institute for Sustainable Investing Advisory Board. Morgan Stanley worked with Ceres and other financial institutions on a statement urging global action in advance of COP.

Trade association
Business for Social Responsibility (BSR)

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association’s position
BSR is a global nonprofit organization that works with its network of more than 250 member companies and other partners to build a just and sustainable world. BSR catalyzes business action on climate change in two ways: by helping companies reduce greenhouse gas emissions to hold the increase in the global average temperature to well below 2°C (3.6°F) and by building resilience to climate impacts throughout company operations and value chains.

How have you influenced, or are you attempting to influence their position?
Morgan Stanley is a member of BSR and frequently engages the organization’s consultants on projects related to climate change activities within the Firm.

Trade association
The Principles for Responsible Investment (PRI)

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association’s position
The Principles for Responsible Investment (PRI) is the world’s leading initiative on responsible investment with over 2,000 investor signatories globally representing approximately U.S. $80 trillion in assets under management. The PRI develops resources for investor to support ESG integration and engagement with policymakers on sustainability-related issues, including climate change.

How have you influenced, or are you attempting to influence their position?
Morgan Stanley Investment Management has been a signatory to the PRI since 2013.

C12.3d

(C12.3d) Do you publicly disclose a list of all research organizations that you fund?
No

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

The advisory board of the Morgan Stanley Institute for Sustainable Investing is chaired by our CEO and helps to ensure that our sustainability strategy, including as it relates to climate change, is comprehensive, rigorous and innovative. Several members of the advisory board have extensive public policy experience, and help guide the firm on public policy activities as they relate to climate change. Since GSF was founded over a decade ago, we have worked with our Global Regulatory Relations and Government Relations teams on policies related to climate change. To ensure coordination, GSF convenes or participates in all of the sustainability-related councils across the firm, and engages regularly with colleagues in other regions to understand and contribute to relevant climate policy activity. For example, GSF has been coordinating with the Regulatory Relations team in the U.K. to engage and respond to the Prudential Regulatory Authority draft supervisory statement addressing banks’ approach to managing the financial risks from climate change.

C12.4
(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

**Publication**
- In mainstream reports

**Status**
- Complete

**Attach the document**
- 2019_Proxy_Statement.pdf

**Page/Section reference**
- 26

**Content elements**
- Governance
- Strategy
- Risks & opportunities
- Emission targets

**Comment**
This content is currently available online at: https://www.morganstanley.com/about-us-2019ams/pdf/2019_Proxy_Statement.pdf

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**Publication**
- In voluntary sustainability report

**Status**
- Complete

**Attach the document**
- 2018_MS_Sustainability_Report.pdf

**Page/Section reference**
- Climate change is referenced throughout the document, particularly pages 12 & 13.

**Content elements**
- Governance
- Strategy
- Risks & opportunities
- Emission targets
- Other metrics

**Comment**
This content is currently available online at: https://www.morganstanley.com/pub/content/dam/msdotcom/about-us/giving-back/sustainability-at-morgan-stanley/2018_MS_Sustainability_Report.pdf

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**Publication**
- In voluntary communications

**Status**
- Complete

**Attach the document**
- Morgan Stanley Announces New Commitment...$250Bn in Low-Carbon Solutions by 2030.pdf

**Page/Section reference**
- all

**Content elements**
- Strategy
- Risks & opportunities

**Comment**
This content is currently available online at: https://www.morganstanley.com/press-releases/morgan-stanley-announces-new-commitment-to-finance--250bn-in-low

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**C14. Signoff**

**C-FI**

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

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**C14.1**
(C14.1) Provide details for the person that has signed off (approved) your CDP climate change response.

<table>
<thead>
<tr>
<th>Job title</th>
<th>Corresponding job category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Sustainability Officer</td>
<td>Chief Sustainability Officer (CSO)</td>
</tr>
</tbody>
</table>