Morgan Stanley

INVESTMENT MANAGEMENT

2022
REPORT

Emerging Markets ESG and Sustainability

Emerging Markets Equity Team

ACTIVE INTERNATIONAL ALLOCATION | EMERGING MARKETS LEADERS | NEXT GEN EM | GLOBAL EMERGING MARKETS | SUSTAINABLE EMERGING MARKETS | SUSTAINABLE ASIA | CHINA A EQUITY | CHINA EQUITY | INDIA EQUITY | LATIN AMERICA EQUITY

With more than three decades of investing in emerging markets, our team has long recognized the importance of sustainable development and ESG challenges.

When identifying and evaluating stocks, our portfolio managers place a great deal of emphasis on the quality of leadership, sustainable drivers of value and pathways for growth. We also believe that socialization of ESG factors in EM will mean an added set of disclosures and transparency over time, which will be critical not just to a fuller understanding of ESG risks and opportunities but to offer an additional lens on the quality of the businesses in which we invest.

As active managers, we have always believed in the importance of direct dialogue with company management, and since 2017, we have added dedicated ESG engagements to our process. Material ESG issues are incorporated into our general management meetings, but we also believe that specific engagements allow us to look beyond an ESG data point and understand at a deeper level how a company's ESG risks and opportunities are evolving, and impacting corporate strategy, current operations and long-term financial performance. We are then able to evaluate qualitative and quantitative ESG factors in greater detail and integrate them into our investment decisions. Our portfolios consist of companies that we believe will remain proactive and resilient, and continue to generate sustainable earnings growth in the face of critical environmental and social challenges globally. During the full year of 2021, we held a total 106 meetings with company management teams on a range of ESG topics. Of these, 81 were dedicated ESG meetings across 20 countries. Our focus is on the quality not the quantity of engagements—hour-long calls focused entirely on material issues. Our approach to these interactions has progressed since we began the process in 2017. Rather than having discussions on a wide range of issues, we create an agenda that we share with management ahead of the meeting based on pressing issues and needs, as well as spend dedicated time on integration.

Finally, as responsible managers, we actively examine and vote our proxies. Voting represents the direct participation of shareholders in the overall governance of a corporation and offers shareholders a voice on important issues, such as director independence and executive compensation During 2021, we voted at 263 meetings and on 2,823 proposals. Overall, we voted against management in 8% of the cases, and 44% of meetings had at least one vote against management. The most common reasons for voting against management were related to non-salary compensation, board structure and capitalization. Further, investor expectations for independence and diversity of board members and increased disclosures are growing. We believe both are part of a nascent effort to refresh stale boards in EM, an effort that can bring fresh perspectives, added expertise and more accountability.

Responsible Stewards of Capital: Proxy Voting

Proxy voting has always been an important part of our active portfolio management and—more recently—our engagement process. It is indeed the right of shareholders to vote and partake directly in corporate governance. We actively review all proxies and will vote against management on proposals we do not believe are in the best interests of shareholders on material financial, governance, and sustainability issues. We also review our past votes prior to our engagement meetings with management teams in order ensure our messaging with companies remain consistent and raise any issues we found important during voting.[1]

During 2021, we voted at 263 meetings and on 2,823 proposals. Overall, we voted against management in 8% of the cases, and 44% of meetings had at least one vote against management. The most common reasons for voting against management were related to non-salary compensation, board structure and capitalization. Looking ahead in 2022, we will continue to focus on board independence and remuneration plans.

DISPLAY 1

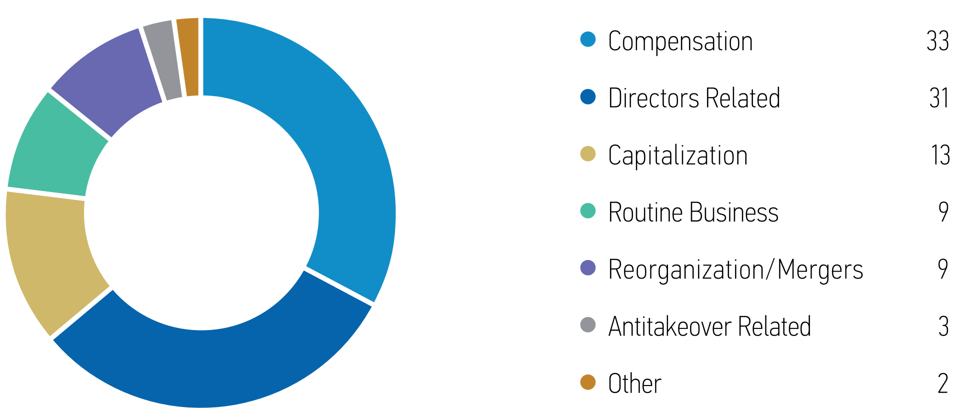
Proxy Voting Overview [2]

Total Number of Meetings Held	263
Total Proposals Voted	2823
% Votes Against Management	8%
% Meetings With at Least One Vote Against Management	44%

Source: ISS Proxy Exchange; MSIM

DISPLAY 2

% Votes Against Management by Topic



[1] Note: MSIM does not share voting intentions with any parties internally or externally prior to the vote.

[2] Data is shown for all emerging markets strategies.

Our Engagement Process

We look for strong management teams in quality businesses that understand both immediate and longer-term environmental and social trends and integrate these factors into their strategies. We believe management teams with proactive strategies on ESG issues will position their businesses better than companies that consider them lightly or do not account for them at all.

We begin our process with a focus on materiality—identifying and analyzing ESG issues that are most financially material to companies based on industry and location. We believe that not all ESG issues are relevant for every company, and we seek to focus on the issues which are most relevant and can be addressed by thoughtful management.

After identifying material risks for a company, we conduct a baseline engagement meeting with management. Our engagements seek to accomplish multiple objectives: to focus on the environmental and/or social issues material to a company; to understand more fully the strategy and tools to address the issues; and to provide another view into management quality, often involving nonmarket-facing management. Company engagements are mutually beneficial in emerging markets—we learn about the company's sustainability strategy, but we also advise the company on industry best practices and provide guidance, such as encouraging management to set specific emissions targets, provide more transparency and improve governance. For the first baseline engagement, we focus most on how the company conceptualizes and addresses ESG risks. For instance, if a company operates in a heavy industry, we will focus on emissions management, biodiversity risks and worker safety. We also discuss measurable relevant metrics and targets for the company relating to ESG risks and opportunities so that we can monitor the progress going forward. Each engagement is incrementally more focused and specific to individual companies and their industries.

Post-engagement, we assess the meeting, develop discussion points and evaluate the company's sustainability strategy. For follow-up engagements, we compare our findings with their prior goals and targets. We want to understand the company's broader positioning and evaluate its commitment to improvement. Further, based on our engagement and our understanding of the company's fundamentals, we identify a few key performance indicators (KPIs) that impact its competitive position, its financials or its valuation. We integrate these KPIs into our investment analysis and investment thesis.

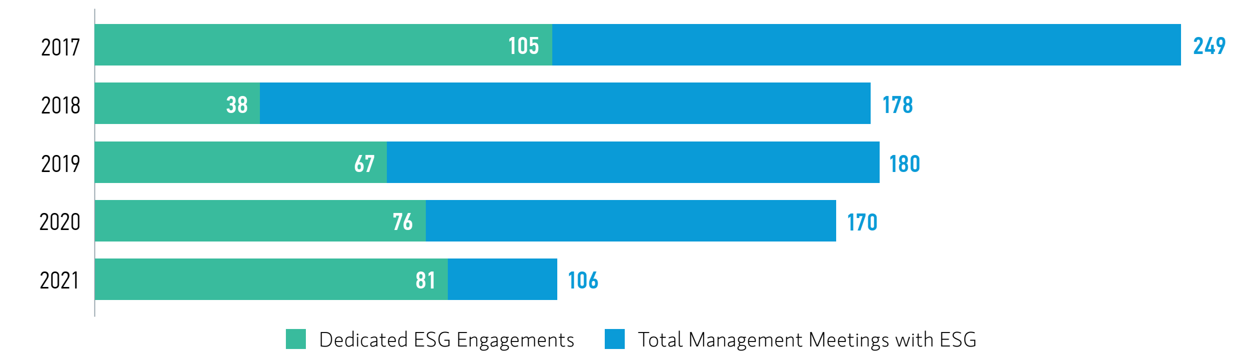
As might be expected, given the heterogeneous nature of EM, there is a wide range of ESG awareness across companies—some managements are just beginning their journey to understand what sustainability means to them, and others have already defined a comprehensive strategy and reasonable targets. Given this, we also highly value a management's willingness to engage and improve.

Holding Ourselves Accountable: ESG Engagement Statistics

During the full year of 2021, we held a total 106 meetings with company management teams on a range of ESG topics. Of these, 81 were dedicated ESG meetings across 20 countries. As seen in the chart below, our focus is on the quality not the quantity of engagements—hour-long calls focused entirely on material issues. Our approach to these interactions has progressed since we began the process in 2017. Now, rather than having discussions on a wide range of issues, we create an agenda that we share with management ahead of the meeting based on pressing issues and needs, as well as spend dedicated time on integration.

DISPLAY 3

An Increasingly Focused Approach To Engagement



Source: MSIM. Company meetings may cover one or more ESG topics.

DISPLAY 4

2021 ESG Engagement Statistics by Topic

Source: MSIM. Company meetings may cover one or more ESG topics.

Engagement in our EM Core Strategies

(Global Emerging Markets, Sustainable and Regional Strategies)

With deep roots conducting macro and thematic research, and more than three decades of experience investing in emerging markets, our team is well suited to identify and integrate ESG issues into our investment process. ESG issues pose major challenges for EM countries, but we believe EM companies are in a unique position to both manage these inherent risks and capitalize on opportunities that these can present. Ultimately, our integration process is about targeting our investments toward companies that are authentically anticipating and addressing the relevant issues.

We look for company management teams in quality businesses that understand long-term environmental, social and governance trends, and integrate these considerations into their strategies. Responsible companies anticipate environmental and social risks, and look for opportunities to increase productivity and cut costs.

When identifying and evaluating stocks for our strategies, our portfolio managers place a great deal of emphasis on clear avenues of growth for the company and the quality of leadership, including its management and board. Our integrated process applies ESG as a framework to deepen our analysis and understanding of how ESG issues can both create contingent risks and new opportunities for value creation.

In the beginning of 2021, we conducted a bottom-up survey of materiality across our investment teams. This exercise drew upon our own team's expertise and understanding of individual companies and countries. We aggregated these inputs and created our materiality matrix (below) with our top three issues overall: carbon emissions, labor practices, and customer and data privacy.

DISPLAY 5

Emerging Markets Materiality

		Energy	Materials	Industrials	Consumer Discretionary	Consumer Staples	Health Care	Financials	IT	Comms. Services
ENVIRONMENT	GHG Emissions	●	●	•					•	
	Air Quality	●								
	Energy Management			•					•	
	Water & Wastewater Management		•				•			
SOCIAL CAPITAL	Customer Privacy & Data Security							●	●	●
	Access & Affordability						•	●		
	Product Quality & Safety					●	●			
HUMAN CAPITAL	Labor Practices	•	•	•						
	Employee Health & Safety	●	●							•
	Emplyee Engagement, Diversity & Inclusion			•						
BUSINESS MODEL & INNOVATION	Product Design & Lifecycle Management					•	•			
	Business Model & Resilience	•								•
	Supply Chain Management				•				•	

● Issue is likely to be material for 50% or more of companies in sector • Issue is likely to be material for fewer than 50% of companies in sector

When engaging in our EM core strategies, we look for company management that is **ACT-ively engaged** on ESG, as shown below. The subsequent pages are examples of engagements specific to our EM core strategies.

Accountable

THE COMPANY ACKNOWLEDGES AND ASSUMES RESPONSIBILITY FOR THE ENVIRONMENTAL AND SOCIAL IMPACTS OF ITS PRODUCTS AND OPERATIONS.

The first step in developing a sustainability strategy for a company is developing an awareness and understanding of ESG in concert with its business model, financials and risk profile. Here, we look for companies that are transparent with their ESG performance and impact through clear disclosures of values, qualitative initiatives and quantitative metrics. We also expect company management to be committed to advancing sustainability efforts, which can be demonstrated by C-suite responsibility, board reporting and ESG-linked executive compensation. Through our engagements, we have discovered that few emerging markets companies have implemented ESG-linked targets as part of executive pay.

Consistent

THE COMPANY IS MAKING MEASURABLE PROGRESS AND EXECUTING INITIATIVES THAT ARE ALIGNED WITH ITS FOCUS AREAS AND GOALS.

We believe that a company's commitment to consistent and measured progress is as important as its current ESG situation and intermediate targets. During 2021, we observed a distinct rise in net-zero commitments from portfolio companies even as the corporate world scrambles to meet investors' growing appetite for "responsible investments." And while having sustainable targets certainly indicate progress, we have found that many companies do not have tangible working plans. To avoid wishful thinking, we engage with companies on their path to decarbonization to assure ourselves that their plans can possibly achieve their targets. In addition, we encourage companies to set more short- to midterm measurable targets to effectively evaluate their progress toward their long-term goals.

Transformative

THE COMPANY IS WILLING TO ENGAGE WITH STAKEHOLDERS ON MATERIAL ISSUES AND ADAPT ITS BUSINESS MODEL TO MANAGE RISK AND CAPITALIZE ON OPPORTUNITIES.

In the past few years, we have learned that true sustainable leaders are not necessarily those rated highly by the ESG ratings agencies. Instead, we take the view that the best-in-class companies are those that are proactively engaging with stakeholders on material issues, developing and executing credible sustainability strategies, and thereby catalyzing positive change. In our EM investment universe, we take a proactive role in encouraging companies to enhance their ESG practices and transform their businesses to more sustainable models by proposing specific, actionable approaches for companies to improve and enhance value.

EM CORE STRATEGIES

Not All Paper is Bad

A paperless world can often be considered a sustainable one, but we believe that this may not be practical, and not all paper is bad. We have been discussing ESG issues with a South African pulp and paper company for years, and upon consistent engagement, this company has made significant progress in sustainable production and circular economy. Not only has the company heavily invested in energy-related projects and the development of sustainable paper and packaging products, but it also has decreased greenhouse gas emissions and shifted most of the product mix to recyclable, reusable or compostable materials. Recently, the company also set an ambitious science-based target to achieve net-zero by 2050.

By example, during 2021, we engaged with the company twice on ESG. During the first call, we discussed the company's progress on measuring and reducing emissions. The company already had multiple emissions-reductions initiatives in place, including investing almost $500 million in the past five years to improve the efficiencies of its recovery boilers, which are key to its manufacturing process. We determined that the company's targets on emissions and energy efficiency were achievable and grounded in specific proposals. We also discussed other material issues, including waste and water management, worker safety and sustainable opportunities in paper packaging. We believe that this company is an industry and global leader regarding sustainability, which is embedded deeply and consistently in its business strategy. Investments in developing sustainable paper and packaging are driving growth, as customers, including fast-moving consumer goods and e-commerce companies, establish their own targets around sustainability and recognize this company's sustainability gains.

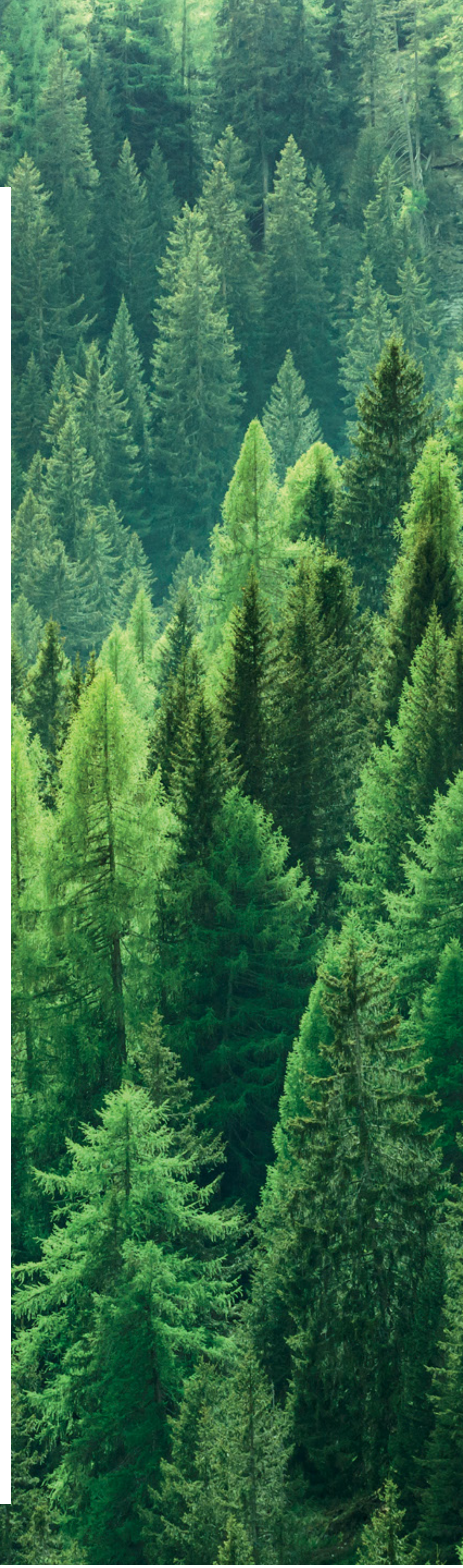
Our second call with the company occurred about six months later. The company reached out to us to revisit its ESG materiality matrix and priorities by formalizing an ESG engagement process to ensure stakeholders saw improvements that were credible and authentic. Questions addressed include:

- ESG risks our team is focused on and how the company can better fit into that mold
- ESG expectations for the company
- Trends we see in terms of ESG at the sector and portfolio level
- New EM ESG frameworks that can be used to assess this company

The conversation was primarily focused on materiality and included all the important topics we spoke about during the first call.

This company has strong governance policies, which was evident in its clear approach to ESG. We believe that the company's willingness to initiate a call about its commitment to ESG targets and improvements exemplifies how our company relationships shift over time, and that our engagements are, indeed, a two-way street. We are not satisfied with just passively checking the boxes on ESG data and topics, but, instead, we work collaboratively with companies to support them in adopting best-in-class practices.

This example is provided for illustrative purposes only. There is no assurance that this engagement will be successful and/or result in positive investment outcomes.



EM CORE STRATEGIES

Mexican Retailer Tightens Environmental Supply Chain Management

In 2021, we engaged with a Mexican retailer for the second time. While the first call in 2020 highlighted the company's disclosures and commitments to be aligned with the Paris Agreement, the 2021 call revealed the company to be an ESG leader relative to industry peers. The company's expanded efforts in reducing its environmental impact throughout the value chain is a clear differentiator.

Towards the tail end of 2020, the company announced three new environmental commitments: 1) Sourcing 100% of its energy from renewable sources 2) Becoming a net zero emissions company by 2040 3) Preserving 50 million acres of land and 1 million square miles of oceans by 2040. The company has already made progress on these goals in several ways, by transforming their fleet into electric vehicles, having 80% of their stores in Mexico using renewable energy, and piloting technologies that increase stores' energy efficiencies, to name a few.

The company's environmental supply chain management is far-reaching as the company tracks and monitors six material areas: energy use, sustainable agriculture, waste, product use, deforestation and packaging. They work closely with its suppliers to understand its exposure to environmental risks and opportunities throughout their supply chain. The company positions themselves as partners to their suppliers so that they can provide support and resources to ensure that suppliers are well-equipped to maximize sustainable practices.

Beyond internal operations, the company is focused on improving customers' physical and financial wellness. As poor dietary choices can raise the risk of heart disease, stroke and type 2 diabetes, the company has made an active effort to educate consumers on healthy lifestyles through an online teaching platform. As the retailer prides itself on offering everyday low prices and the shift to healthier foods does not compromise this key aspect of the business. In terms of financial health, the company developed a digital wallet to help onboard unbanked and underbanked customers. The company plans on building out its financial inclusion efforts since fewer than 30% of Mexico's population has a credit card. In 2022, our team will continue to engage with the company given that it will be a key player in increasing financial inclusion in Mexico and Central America.

This example is provided for illustrative purposes only. There is no assurance that this engagement will be successful and/or result in positive investment outcomes.

EM CORE STRATEGIES

Chinese Apparel Manufacturer Establishes Emissions Targets

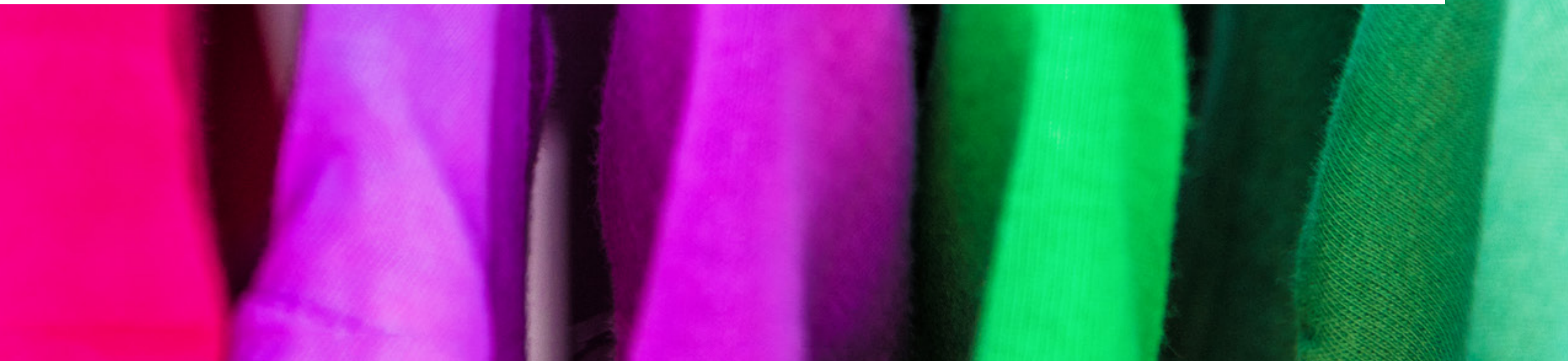
One of our portfolio companies is the largest vertically integrated apparel manufacturers in China. The company is a key supplier to four leading global athletic apparel brands, which collectively account for approximately 85% of revenue. Global brands face consumer and regulatory pressures to curtail their scope 3 emissions and are increasingly prioritizing suppliers with better environmental footprints. The apparel industry is extremely water, energy and labor intensive, especially in the earlier parts of the supply chain. Externalities like water and air pollution during the dyeing processes can adversely affect cost structures and company reputation.

In 2020, during our initial conversation with the company, several key material issues we had identified during our industry research process, including emissions, water treatment and human rights, were discussed. The company served prominent global clothing brands, and we learned that customer demands were a key factor for the company's investments into energy and emissions reduction. The company stated that its ESG practices could be a major competitive advantage relative to other manufacturers. To address emissions, the company has been investing in more efficient machines to reduce energy usage. In addition, the company was aiming to decrease its usage of coal and was considering wind and solar as alternative energy sources. When it came to water management, we believe that the company already had good practices, including equipment upgrades to reduce intensity and increased recycling. During the call, we also wanted to address labor management, as apparel is labor intensive and unfair working conditions are common in the industry. We learned that the company has maintained strong labor relations for many years through higher wages and work benefits, including free lunches and shuttle buses for factory workers. In fact, the company told us that, for 2019, wages accounted for about 30% of its costs. At the end of our engagement, we encouraged the company to establish more targets around emissions and water management, as targets are considered to be best practice and can help improve accountability.

In 2021, we had our follow-up engagement with the company. We learned that the company had accomplished significant progress on its ESG initiatives after our first meeting, including setting a short-term 2025 emissions goal and shifting away from coal to more renewables, such as solar and wind. Although renewable energy use at the company level was still in single digits, there were plans for all new plants built in Vietnam and Cambodia to achieve 100% renewable energy. The company also updated us on its human rights policies for suppliers, including rules on forced labor, child labor, compensation and working hours. We learned that all suppliers are required to sign a promise contract and that the company sends representatives to its suppliers' sites for auditing. During the year, the company terminated cooperation with a supplier that was involved in human rights issues related to the Xinjiang cotton controversy.

We believe that the company's willingness to improve and engage on material risks demonstrates its commitment to addressing shareholder concerns. We also view this company as an example where ESG initiatives can positively influence long-term valuation by impacting market share, cost structure, cost of capital and license to operate. For instance, investments in energy-efficient equipment have further reduced energy intensity, generating long-term savings, as energy is one of the company's leading production costs. These initiatives have also strengthened the company's relationship with top customers and enabled them to command a price and gross margin premium to peers with less environmentally friendly operations. We hope to continue to engage with the company on these material issues and their progress. In addition, we will encourage the company to set a net-zero target and improve materials recycling.

This example is provided for illustrative purposes only. There is no assurance that this engagement will be successful and/or result in positive investment outcomes.



EM CORE STRATEGIES

Semiconductor Manufacturer in Asia Works to Improve Waste Management

While many EM companies are increasingly engaging with investors on ESG topics, one of our portfolio companies had its very first conversation on their sustainability practices with our team. This company is a major provider of semiconductor assembling and manufacturing services. We engaged with them to learn more about the company's approach on minimizing negative environmental impact, supply chain management, circular economy and water management. While the company was in the early stages of communicating its initiatives to investors and formalizing its overall ESG strategy, the company was already ahead of its peers in emissions and energy management. In 2021, the company set a science-based target for Scope 1 and 2 emissions and told us that they planned to achieve this through optimization of manufacturing processes and increasing renewable energy use. The company is hoping to achieve 27% renewable energy usage by 2025, from 15% in 2021. In addition, the company proactively committed to reducing their Scope 3 emissions 15% by 2030 from 2020 and will collaborate with their value chain on carbon reduction programs.

We pressed the company on implementing circular economy initiatives, including better waste management practices. The company was forthright about their lack of expertise in this area and told us that they were trying to work towards circular economy but have met some challenges. We believe that within the semiconductor manufacturing space, there are many opportunities to achieve circular economy through working with suppliers and implementing strong waste management practices. Most of all, through the circular economy model, semiconductor companies can not only reduce emissions but also realize cost savings. As we continue to engage with the company, we will encourage them to adopt the circular economy model and increase materials recycling.

The company has a very strong focus on water management with a recycling rate of approximately 72%. To achieve this, they have built large water reclamation facilities at two of its locations to help treat wastewater and reduce effluents. Their water reclamation facilities utilize multi-media filtration, reverse osmosis and ultrafiltration to process wastewater into purified water that is 20x cleaner than normal tap water. The processed water is then distributed to their surrounding manufacturing facilities for reuse.

As we are the first shareholders to engage with the company on these issues, we believe that we are in a unique position to work with the company on improving ESG performance, shaping their strategy and catalyzing positive change. We hope to maintain an open dialogue going forward and continue to engage on their emissions reduction goals and circular economy initiatives.

This example is provided for illustrative purposes only. There is no assurance that this engagement will be successful and/or result in positive investment outcomes.

Emerging Markets Leaders

Governance is the Cornerstone of Sustainability

Strong governance, both at corporate and at country levels, has been a key criterion of the EM Leaders (EML) strategy. We believe this adherence to strong governance has contributed positively to the strategy's risk-adjusted performance by not investing in countries and companies where we believe the institutional framework did not protect minority shareholders. Our investments focus on structural compounders with clear industry leadership teams that we believe can deliver strong returns on invested capital with little to no leverage on the balance sheet. We look for companies with a predictable stream of earnings growth, and, as a result, we have not owned cyclical, resources or commodity businesses. Integration of ESG factors into our investment decisions has allowed us to gain a deeper insight and understanding of managements' long-term goals. As long-term investors, it is imperative that we understand the managements' strategic goals and key targets. During the full year of 2021, we had a total of 22 dedicated ESG engagement calls for stocks within the EML strategy.

EMERGING MARKETS LEADERS

Latam E-Commerce Leader

During 2021, we had a follow-up call with an Argentinian e-commerce company on its environmental strategy and access/inclusion efforts through its online marketplace and fintech business. The company has evolved from a rapidly growing e-commerce platform to a major player in the economic development of Latin America.

On the environmental front, the company understands the impact of its environmental footprint and is taking steps to mitigate it. We discussed the company's progress on mitigating emissions through initiatives such as its electric mobility project, increasing materials recycling and exploring greener packaging substitutions. The company has made progress in these areas, but we see further room for growth, particularly scope 3 emissions. The company has over 1,000 developers seeking to improve its algorithms to better optimize its delivery routes and reduce the distance traveled. As the company continues to expand its logistics network to drive efficiency and scale, we expect overall emissions to increase, while emissions intensity should decrease as some of the company's environmental initiatives bear results. We encouraged the company to set a science-based target to better measure emissions reduction and ensure accountability.

The company seeks to grow alongside and financially empower small- and medium-sized enterprises (SMEs). We view this company as a leader in financial inclusion for SMEs, which have long been neglected by the traditional banking system and in the payments space. In 2020, more than 18 million new sellers joined the company's fintech platform. The company has systematically built up its fintech platform to be a first-time lender for several micro merchants and individuals in underserved markets, such as Brazil, Mexico and Argentina. In Brazil, 40% of SMEs received their first credit offer through the company's fintech platform. As Mexico is a largely unbanked market, the company is heavily investing in this market to establish a position and to gain share. The company is also focused on educating users to save and invest in order to decrease the rate of defaults.

Further, we see numerous opportunities for the company to implement circularity within its operations through materials recovery in distribution centers and improving traceability within the supply chain, which should decrease costs and improve logistics economics. We will continue to track the progress on environmental and social efforts in the pipeline, and how they materially impact the company's performance and users that are connected to its online ecosystem.

This example is provided for illustrative purposes only. There is no assurance that this engagement will be successful and/or result in positive investment outcomes.

EMERGING MARKETS LEADERS

Transparent Disclosures Differentiate Semiconductor Companies

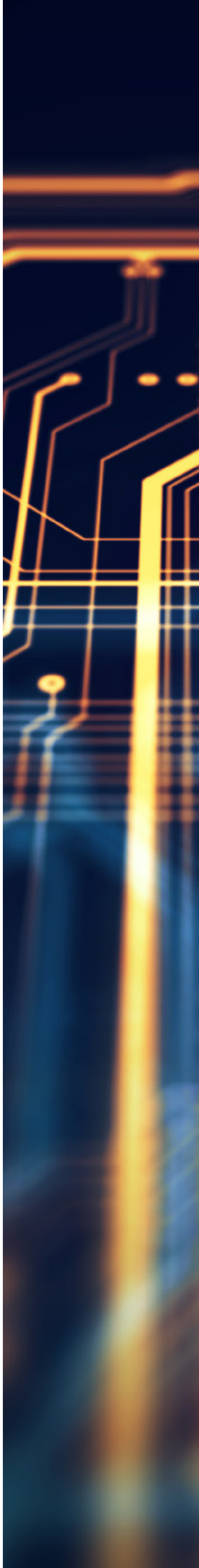
We engaged for the first time with an American semiconductor company. Sustainability is still a relatively fresh concept for fabless manufacturers, and we consider the company to be a rising ESG leader in the semiconductor industry. The company has many best-in-class practices and credible, ambitious targets, including 100% renewable energy use by 2025 and net-zero by 2040. The company plans to focus on emissions on the operational side and increasing the energy efficiency of products through innovation to achieve these goals. It is also exploring ways to minimize emissions through better environmental supply chain standards. The company is required to engage with the top 80% of its suppliers on an annual spend basis. The company does not negate any suppliers, instead they work with moderate- to high-risk ones to improve quality. About 90% of the company's strategic suppliers have been audited.

We also engaged with the company on talent retention, as the business is research intensive and relies on highly skilled employees. We learned the company boasts strong talent retention practices, including mentoring, development programs and on-site services. During 2021, the company also shifted from annual surveys to frequent pulse surveys so that they can better gauge employee satisfaction. All of these initiatives have led to very low, single-digit turnover rates for the past few years.

While this company has strong performance across several issues, it is apparent that it still has a lot of areas to improve on and challenges to address. Shifting businesses to a more sustainable model is an ongoing process even for developed-market companies. The company recognized that there was still much progress to be made and was very receptive to feedback. During our engagement, we discussed other initiatives the company could be involved in to further advance its sustainability goals, including setting science-based targets and becoming a member of the U.N. Global Compact. In addition, we encouraged the company to look more closely into product lifecycle management and consider formalizing a strategy around it, as this is a best-in-class practice across the industry. We also communicated our expectations for the company to be more proactive in considering the energy efficiency of its data centers, given that data centers are the largest contributor to the company's scope 3 emissions.

We believe that this semiconductor company is a prime example of a company where transparent disclosures and targets can help it stand out relative to its peers. We also learned through this engagement that even the "rising ESG leaders" are still looking for ways to improve. During our follow-up, we plan to continue to engage on the company's progress around its stated targets, as well as reducing scope 3 emissions and introducing a strategy on lifecycle management.

This example is provided for illustrative purposes only. There is no assurance that this engagement will be successful and/or result in positive investment outcomes.



Next Gen EM

Integrated ESG for Better Risk Management

The Next Gen EM Strategy seeks to own outstanding businesses at a reasonable price in overlooked markets. Within our concentrated portfolio of high-quality companies, we aim to develop a deep understanding of their business models through ongoing dialogues with management to ensure they are aligned with shareholders like us. As part of this process, we engage with management on companies' key ESG issues to ensure they are planning for potential risks and opportunities, and, as shareholders, we try to effectuate progress on these issues. The following examples highlight our engagement progress with two companies in the portfolio, and where lack of transparency and understanding of risk from management on ESG issues led us to exit our position.

NEXT GEN EM

Decarbonization will be Metal Intensive

We believe investing in various parts of the low-carbon energy value chain to accelerate the energy transition is vital. In particular, we see nuclear as part of the energy transition and had our first ESG call with a uranium miner. The company is in a unique position, as uranium is the key input for nuclear power plants, which have extremely low carbon emissions, and what we believe will contribute to the transition from fossil fuels to renewables, given the company's ability to operate at base load. Within the uranium mining sector, this company is uniquely positioned and is often identified as the "cleanest" player due to its in situ recovery process across all of its mines. This process uses a closed-system water pumping and recycling method to extract uranium, resulting in much less harmful practices than conventional mining, which are open pit.

Although the company had not yet engaged with many investors on ESG, its willingness to learn and improve was evident. The company is currently working with a consultant to set ESG targets and develop a strategy to achieve them.

Our team predominantly served as an advisor during the call. We encouraged the company to report emissions intensity, all scopes of emissions, water recycling rates, breakdown of waste management practices and any ESG KPIs tied to compensation. We suggested the company increase its share of renewables to total energy consumption, and that they strongly consider "circular economy" practices. We shared sustainable production examples from other mining companies to demonstrate how higher rates of recycling waste can be achieved.

We are hopeful of the company's successful ESG journey. Not only does the company have stringent safety protocols, but it also adapted well to the changes in its country's environmental code that addresses issues such as emissions, water withdrawal and management of radioactive waste. While the company works on strengthening its ESG reporting and capabilities, we believe it is well positioned to benefit from the global movement toward a low-carbon economy and has the potential to be a strong player during the transition.

This example is provided for illustrative purposes only. There is no assurance that this engagement will be successful and/or result in positive investment outcomes.

NEXT GEN EM

Multifaceted Mobile Operator Improves Access While Reducing Carbon Footprint

We engaged with the largest mobile operator in Kenya, a company that began focusing on ESG over a decade ago. The company's purpose to "transform lives" is particularly evident in its approach to innovation, and our team plans to closely monitor investment activity and expansion opportunities. The company promotes access and inclusion by linking its profitable products to improve health, energy, education and agriculture in Kenya.

We first learned about the company's asset financing platform that addresses the low electrical grid coverage of underbanked Kenyan households. We asked about specifics and came to understand that the company strongly believes in improving equity and access to living essentials. The platform offers consumers essential products, including lighting, refrigerators, televisions and radios. All products are sold on credit, and payment is seamless, as consumers can use their phones to make automated daily payments. Products enable customers to save money and improve the health and safety of their living circumstances. For example, by selling solar-powered lamps, customers no longer need to use toxic kerosene lamps in their homes. This product's benefits are two-fold: it cuts costs since the price of kerosene is high, and it avoids the negative health implications of living with a kerosene lamp. The compounding effects of this product have enabled the company to avoid emitting two million tons of carbon. Our team plans to follow up on the platform's customer acquisition efforts and the speed at which it scales.

We then learned about the company's inclusion efforts within the agricultural segment of the business. Since 30% of Kenya's GDP stems from agriculture, and 80% of all agricultural production is from small farmers, the company created a digital platform to reduce barriers for smallholder farmers and to attract younger people to the space. Not only does the platform enable users to access agricultural inputs such as seeds and fertilizer at discounted prices, but it also offers financial services and information on best practices within the industry. While our team was positive on these efforts, we steered questioning toward logistics to understand the efficacy and impact of the platform. We learned that these applications effectively eliminate middlemen and allow farmers to take agency over their operations.

The company continues to strive for sustainability excellence across the entire scope of its business, and we plan on following up on all targets. The company established science-based targets, registered with the Carbon Disclosure Project and declared its goal to achieve net-zero. The company is also focused on increasing transparency around the nomination process for the board of directors. Not only is the company tackling several aspects of ESG to elevate the quality of its business, but also is able to scale its positive impact on the Kenyan population.

This example is provided for illustrative purposes only. There is no assurance that this engagement will be successful and/or result in positive investment outcomes.

NEXT GEN EM

High Regulatory Risk and Poor Disclosures

We engaged with one of the largest Eastern European gas producers to understand the company's regulatory risk. Operating in Europe, one of the world's most regulated markets in terms of environment, the company shouldered significant risk as it did not effectively monitor the potential for methane emissions leakage during gas production. Our team pressed to understand how the company was addressing this issue. The company insisted it had no methane emissions from producing gas, and if there were any, they leaked underground and were not airborne. This false statement flagged our attention and significantly increased our concerns about the company's understanding of the material impacts of ESG factors on the financial health and longevity of operations.

The company further proved to be behind the curve in terms of ESG, as it had no clear roadmap to achieve the EU's net-zero emissions goal. It became clear that the lack of disclosures and pro-activeness to address and manage environmental risks, notably methane emissions, poorly positioned the company to outperform financially in the long term. This discovery led our team to sell the name and allocate the capital to a Polish packaging solutions and aluminum systems company that had a much stronger sustainability profile.

In the future, we hope this gas producer builds out its ESG strategy so that it focuses on the risks and opportunities that align with the EU's net-zero pledge and environmental demands.

This example is provided for illustrative purposes only. There is no assurance that this engagement will be successful and/or result in positive investment outcomes.

Sustainable Strategies

Seeking Alignment with the Sustainable Development of Emerging Markets

Our engagement and research process includes identifying sustainability opportunities or themes that we believe are most pressing to address for EM. Over the course of 2021, we engaged with several portfolio companies on various sustainability topics, including energy transition, circular economy, and access and affordability.

SUSTAINABLE STRATEGIES

Energy Transition

We look to invest in companies that are enabling the energy transition through investments and innovation. Below are a few portfolio companies that we believe are proactively incorporating climate change risks into their business strategies today and are well positioned for a decarbonizing world.

COMPANY	SUSTAINABILITY CONSIDERATIONS	OUTLOOK
Chinese Power Grid Equipment Maker	• The company is a direct beneficiary of China's carbon-neutrality target and energy reform, given its leading position as a supplier of grid automation solutions. Given increasing electrification, smart-grid technology is core to easier integration and higher penetration of renewable energy. • This company has 73% of revenue from power grid automation and 10% from renewables usage.	While the company has strong sustainability drivers, management is currently in the process of formalizing its ESG strategy and understanding the most material risks. Post our first engagement with the company's CFO, we believe there could be improvement over the coming year in the disclosure of an ESG strategy. We will reengage with the company to discuss initial findings and a recent significant proxy vote.
Indian Aluminum Miner	• The company is an integrated aluminum producer and copper manufacturer. We consider both copper and aluminum greener metals as key input materials for low-carbon technologies, wind, solar, nuclear, energy storage, and electric vehicles. • This company has a goal to achieve net-zero by 2050, and to accomplish that, has a target of a 30% reduction in carbon emissions and a 10% reduction in energy intensity by 2026.	After engaging with the company, we believe the company has best-in-class production practices and has made strong efforts regarding energy and waste management, which allow the company to be one of the lowest-cost producers. We will continue to engage with the company on its emissions-reduction targets.

These examples are provided for illustrative purposes only. There is no assurance that sustainability considerations or engagements will result in positive investment outcomes.

SUSTAINABLE STRATEGIES

Circular Economy

We seek to actively identify the companies that are making the transition from a linear to a circular economy, focusing more on producing sustainably while eliminating waste and circulating materials, thus optimizing resources. Below are examples of how our portfolio companies have contributed positively to the circular economy.

COMPANY	SUSTAINABILITY CONSIDERATIONS	OUTLOOK
South Korean Multinational Electronics Manufacturer	• The company actively integrates circular economy principles into every stage of a product's lifecycle—from minimizing the materials used and increasing product lifespans to establishing an effective recycling system. In addition, the company has set ambitious targets, including a zero waste-to-landfill goal. • This company currently recycles 95% of waste annually and is targeting 7.5 million tons of cumulative takeback of global e-waste by 2030.	We believe that this company has best-in-class practices relative to its industry peers when it comes to circularity. In addition to its recycling and e-waste takeback programs, the company is thoughtful in its designs so that products consume less energy and resources and are very durable. By having a circular approach, the company is also continuously improving product performance, which is an important element for customers and can lead to higher market share/earnings potential.
Polish Apparel Retailer	• The company leverages the Ellen MacArthur Foundation for circular economy inspiration. The company is currently in the research phase of understanding how to reduce the use of plastics and overall textile waste disposal. • This company is seeking to achieve 100% recycled packaging at stores by 2023, and 100% plastic packaging to be reused or recycled by 2025.	While the company is relatively new to the concept of circularity and sustainable production, we believe that the company has the opportunity to promote positive change through its supply chain management, given that it does not manufacture its own apparel. As we continue our engagement, we will encourage the company to place more pressure on their suppliers to make their processes more environmentally friendly.

These examples are provided for illustrative purposes only. There is no assurance that sustainability considerations or engagements will result in positive investment outcomes.

SUSTAINABLE STRATEGIES

Access and Affordability

Several of our portfolio companies are providing low-cost yet high quality solutions which allow for increased access down the income spectrum and drive affordability for many consumers. Below are a few examples that are positively aligned with this theme.

COMPANY	SUSTAINABILITY CONSIDERATIONS	OUTLOOK
Mexican Bank	• The company continues to tackle access and affordability by addressing financial inclusion in Mexico. The bank has rolled out extensive financial education programs so that the barrier to entry for unbanked and underbanked people in Mexico is lower. By offering financial education workshops to clients and partnering with universities in Mexico, more than 5,000 people have benefitted. The bank's education programs are growing rapidly. There was a +711% increase in beneficiaries of the programs from 2019 to 2020, illuminating the bank's dedication to increase finance knowledge. The bank plans to fully scale its financial inclusion efforts by launching a digital bank in the near-term. Discussion of creating a digital bank has also had a positive trickle-down effect on cybersecurity, decreasing financial and legal vulnerabilities. • The company has an increase of more than 711% in beneficiaries of financial education programs from 2019 to 2020, and more than 55% of transactions are digital versus the market at 14%.	We have engaged with the company previously and wanted to follow up on the company's gender diversity within management, progress toward increasing the bank's suite of "green products", as well as improving financial inclusion. When it comes to management's gender diversity, we have seen improvements. Women now hold 20% of managerial positions, with a target to reach 35% by 2025. During 2020, the bank also started looking to add women to the board. We believe this bank is a best-in-class example for EM banks, as it has made significant progress toward targets across the ESG landscape. Not only is the bank spearheading sustainability initiatives internally and externally, but it also is addressing client expectations for their business.
Indonesian Bank	• With the majority of the bank's loans to small, micro and ultra-micro enterprises, the bank is becoming a key player in financial inclusion and promoting access and affordability in Indonesia. It has the largest network of all the banks in Indonesia and is constantly striving to increase its reach and provide access to banking services. The bank is ambitious and determined to bring in unbanked customers by issuing super microloans with a maximum size of about $700 USD. • This bank has 60% market share in Indonesia, with 60% of the loan book from micro-, small- and medium-sized enterprises.	We engaged with an Indonesian bank that has a strong core focus on financial inclusion. We had originally spoken to the Head of Sustainability in 2020 regarding multiple material issues, including green financing, talent retention and governance. In 2021, we decided to initiate another engagement call with the company focused exclusively on social issues. We believe the company's financial inclusion efforts will continue to scale, and we will track their progress on small and microlending targets. In addition, the bank recently created an ESG committee. We will monitor its direction and continue to assess its progress on reducing exposure to sustainability-related risks in its loan portfolio.

These examples are provided for illustrative purposes only. There is no assurance that sustainability considerations or engagements will result in positive investment outcomes.

2022 Outlook

ENVIRONMENTAL: In 2021, we spoke to more than 60 companies on issues related to climate change. For 2022, we expect climate change to remain in the spotlight as more climate policies are introduced around the world in order to maintain momentum for the upcoming U.N. Climate Change Conference (COP27) in Egypt. While direct greenhouse gas emissions will continue to be important, we expect to also discuss scope 3 emissions, natural capital and carbon offsets.

For most sectors, **scope 3** typically makes up most of companies' total emissions, but in reality, most companies do not include scope 3 emissions in their carbon accounting, and some do not even track it. We expect to see increased scrutiny not just from investors but also from regulators in the coming year.

As companies continue to draft and work on their decarbonization pathways, we also expect **carbon offsets** to become more of a focal point, given the large inflow of net-zero commitments. It will be important to assess the credibility and integrity of these offset activities as they become more popular.

In our previous engagement report, we covered the importance of **natural capital** and that the depletion of natural resources can pose a significant challenge for economic growth, wealth and equality in EM. We continue to believe that natural capital and biodiversity will be a focus during the upcoming U.N. Biodiversity Conference (COP15) hosted by China. We believe that in 2022 more companies will factor in biodiversity targets and goals in their sustainability strategies in order to prepare for other potential regulations.

SOCIAL: In 2021, we spoke to more than 62 companies on social issues. In an increasingly digitally connected world, we anticipate **cybersecurity and data privacy** to also be a hot topic to address during our engagements in 2022. While cybersecurity and data privacy tend to be a more material issue in select sectors such as internet services and communications companies, we are seeing the need for robust cybersecurity and data privacy practices across all sectors. Any company without proper data protection measures are at high risk of experiencing a data breach that can materially impact the business and its long-term reputation. Throughout our engagements, we will continue to address this issue to ensure that our portfolio companies have proper data privacy infrastructure and protocols in place.

Accidents and injuries in the workplace are principal risks that we pay close attention to, particularly in heavy industries within EM. Not only are accidents and injuries detrimental to victims and their families, but there are also broader consequences for the companies, including loss of labor, reputational damage, tighter regulations and fines, and loss of social license to operate. As more companies align themselves to standards such as the International Labor Organization and U.N. Global Compact, we expect **employee health and safety** to remain an important topic on our engagement agenda for 2022. We will continue to drive improved operational safety in our portfolio companies and promote best practices, including transparent disclosures of metrics, appropriate safety policies and processes, and safety-related metrics tied to executive remuneration.

A+

In the 2020 UN PRI Assessment, MSIM received a straight A score card, including A+ for Strategy & Governance. In Listed Equity, MSIM scored A+ for Incorporation and for Active Ownership, the latter for a second year running, reflecting the firm's commitment to stewardship. MSIM is in the top scoring brackets (A and A+) for both investment managers globally and those based in North America across all of our PRI disclosure modules.

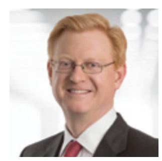
Signatory of:

PRI Principles for Responsible Investment

RISK CONSIDERATIONS

ESG strategies that incorporate impact investing and/or Environmental, Social and Governance (ESG) factors could result in relative investment performance deviating from other strategies or broad market benchmarks, depending on whether such sectors or investments are in or out of favor in the market. As a result, there is no assurance ESG strategies could result in more favorable investment performance. There is no assurance that a portfolio will achieve its investment objective. Portfolios are subject to **market risk**, which is the possibility that the market values of securities owned by the portfolio will decline and that the value of portfolio shares may therefore be less than what you paid for them. Market values can change daily due to economic and other events (e.g. natural disasters, health crises, terrorism, conflicts and social unrest) that affect markets, countries, companies or governments. It is difficult to predict the timing, duration, and potential adverse effects (e.g. portfolio liquidity) of events. Accordingly, you can lose money investing in a portfolio. Please be aware that this portfolio may be subject to certain additional risks. In general, **equities securities'** values also fluctuate in response to activities specific to a company. Investments in **foreign markets** entail special risks such as currency, political, economic, market and liquidity risks. The risks of investing in **emerging market countries** are greater than the risks generally associated with investments in foreign developed countries. Stocks of **small and medium-capitalization companies** entail special risks, such as limited product lines, markets, and financial resources, and greater market volatility than securities of larger, more established companies. **Derivative instruments** can be illiquid, may disproportionately increase losses and may have a potentially large negative impact on the Portfolio's performance. **Illiquid securities** may be more difficult to sell and value than public traded securities (liquidity risk). **Non-diversified portfolios** often invest in a more limited number of issuers. As such, changes in the financial condition or market value of a single issuer may cause greater volatility.

Any questions or comments? Please contact our Emerging Markets Equity team at EMPR@morganstanley.com



ERIC CARLSON
Head of Sustainability Emerging Markets Equity Team
eric.carlson@morganstanley.com

DANA PHILLIPS
Client Portfolio Manager Sustainability
dana.phillips@morganstanley.com

CANDY CHAO
Engagement Lead Sustainability Research Analyst
candy.chao@morganstanley.com

CRISTINA DALTON
Sustainability Research Analyst
cristina.dalton@morganstanley.com

DEFINITIONS

"ESG" investment: Environmental Social and Governance based investment is an investment approach which takes explicit account of the environmental, social and corporate governance aspects of all proposed investments.

IMPORTANT DISCLOSURES

There is no guarantee that any investment strategy will work under all market conditions, and each investor should evaluate their ability to invest for the long-term, especially during periods of downturn in the market.

A separately managed account may not be appropriate for all investors. Separate accounts managed according to the particular Strategy may include securities that may not necessarily track the performance of a particular index. A minimum asset level is required.

For important information about the investment managers, please refer to Form ADV Part 2.

The views and opinions and/or analysis expressed are those of the author or the investment team as of the date of preparation of this material and are subject to change at any time without notice due to market or economic conditions and may not necessarily come to pass. Furthermore, the views will not be updated or otherwise revised to reflect information that subsequently becomes available or circumstances existing, or changes occurring, after the date of publication. The views expressed do not reflect the opinions of all investment personnel at Morgan Stanley Investment Management (MSIM) and its subsidiaries and affiliates (collectively "the Firm"), and may not be reflected in all the strategies and products that the Firm offers.

Forecasts and/or estimates provided herein are subject to change and may not actually come to pass. Information regarding expected market returns and market outlooks is based on the research, analysis and opinions of the authors or the investment team. These conclusions are speculative in nature, may not come to pass and are not intended to predict the future performance of any specific strategy or product the Firm offers. Future results may differ significantly depending on factors such as changes in securities or financial markets or general economic conditions.

This material has been prepared on the basis of publicly available information, internally developed data and other third-party sources believed to be reliable. However, no assurances are provided regarding the reliability of such information and the Firm has not sought to independently verify information taken from public and third-party sources.

This material is a general communication, which is not impartial and all information provided has been prepared solely for informational and educational purposes and does not constitute an offer or a recommendation to buy or sell any particular security or to adopt any specific investment strategy. The information herein has not been based on a consideration of any individual investor circumstances and is not investment advice, nor should it be construed in any way as tax, accounting, legal or regulatory advice. To that end, investors should seek independent legal and financial advice, including advice as to tax consequences, before making any investment decision.

Charts and graphs provided herein are for illustrative purposes only. Past performance is no guarantee of future results.

This material is not a product of Morgan Stanley's Research Department and should not be regarded as a research material or a recommendation.

The Firm has not authorised financial intermediaries to use and to distribute this material, unless such use and distribution is made in accordance with applicable law and regulation. Additionally, financial intermediaries are required to satisfy themselves that the information in this material is appropriate for any person to whom they provide this material in view of that person's circumstances and purpose. The Firm shall not be liable for, and accepts no liability for, the use or misuse of this material by any such financial intermediary.

This material may be translated into other languages. Where such a translation is made this English version remains definitive. If there are any discrepancies between the English version and any version of this material in another language, the English version shall prevail.

Eaton Vance is part of Morgan Stanley Investment Management. Morgan Stanley Investment Management is the asset management division of Morgan Stanley.

DISTRIBUTION

This material is only intended for and will only be distributed to persons resident in jurisdictions where such distribution or availability would not be contrary to local laws or regulations.

MSIM, the asset management division of Morgan Stanley (NYSE: MS), and its affiliates have arrangements in place to market each other's products and services. Each MSIM affiliate is regulated as appropriate in the jurisdiction it operates. MSIM's affiliates are: Eaton Vance Management (International) Limited, Eaton Vance Advisers International Ltd, Calvert Research and Management, Eaton Vance Management, Parametric Portfolio Associates LLC, Atlanta Capital Management LLC, Eaton Vance Management International (Asia) Pte. Ltd.

EMEA: This material is for Professional Clients/Accredited Investors only.

In the EU, MSIM and Eaton Vance materials are issued by MSIM Fund Management (Ireland) Limited ("FMIL"). FMIL is regulated by the Central Bank of Ireland and is incorporated in Ireland as a private company limited by shares with company registration number 616661 and has its registered address at The Observatory, 7-11 Sir John Rogerson's Quay, Dublin 2, D02 VC42, Ireland.

Outside the EU, MSIM materials are issued by Morgan Stanley Investment Management Limited (MSIM Ltd) is authorised and regulated by the Financial Conduct Authority. Registered in England. Registered No. 1981121. Registered Office: 25 Cabot Square, Canary Wharf, London E14 4QA.

In Switzerland, MSIM materials are issued by Morgan Stanley & Co. International plc, London (Zurich Branch) Authorised and regulated by the Eidgenössische Finanzmarktaufsicht ("FINMA"). Registered Office: Beethovenstrasse 33, 8002 Zurich, Switzerland.

Outside the US and EU, Eaton Vance materials are issued by Eaton Vance Management (International) Limited ("EVMI") 125 Old Broad Street, London, EC2N 1AR, UK, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority.

Italy: MSIM FMIL (Milan Branch), (Sede Secondaria di Milano) Palazzo Serbelloni Corso Venezia, 16 20121 Milano, Italy. **The Netherlands:** MSIM FMIL (Amsterdam Branch), Rembrandt Tower, 11th Floor Amstelplein 1 1096HA, Netherlands. **France:** MSIM FMIL (Paris Branch), 61 rue de Monceau 75008 Paris, France. **Spain:** MSIM FMIL (Madrid Branch), Calle Serrano 55, 28006, Madrid, Spain.

MIDDLE EAST

Dubai: MSIM Ltd (Representative Office, Unit Precinct 3-7th Floor-Unit 701 and 702, Level 7, Gate Precinct Building 3, Dubai International Financial Centre, Dubai, 506501, United Arab Emirates. Telephone: +97 (0)14 709 7158). EVMI utilises a third-party organisation in the Middle East, Wise Capital (Middle East) Limited ("Wise Capital"), to promote the investment capabilities of Eaton Vance to institutional investors. For these services, Wise Capital is paid a fee based upon the assets that Eaton Vance provides investment advice to following these introductions.

U.S.: A separately managed account may not be appropriate for all investors. Separate accounts managed according to the Strategy include a number of securities and will not necessarily track the performance of any index. Please consider the investment objectives, risks and fees of the Strategy carefully before investing. A minimum asset level is required. For important information about the investment managers, please refer to Form ADV Part 2.

NOT FDIC INSURED | OFFER NO BANK GUARANTEE | MAY LOSE VALUE | NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY | NOT A DEPOSIT.

Hong Kong: This material has been issued by Morgan Stanley Asia Limited for use in Hong Kong and shall only be made available to "professional investors" as defined under the Securities and Futures Ordinance of Hong Kong (Cap 571). The contents of this material have not been reviewed nor approved by any regulatory authority including the Securities and Futures Commission in Hong Kong. Accordingly, save where an exemption is available under the relevant law, this material shall not be issued, circulated, distributed, directed at, or made available to, the public in Hong Kong. **Singapore:** This material should not be considered to be the subject of an invitation for subscription or purchase, whether directly or indirectly, to the public or any member of the public in Singapore other than (i) to an institutional investor under section 304 of the Securities and Futures Act, Chapter 289 of Singapore ("SFA"); (ii) to a "relevant person" (which includes an accredited investor) pursuant to section 305 of the SFA, and such distribution is in accordance with the conditions specified in section 305 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. This publication has not been reviewed by the Monetary Authority of Singapore. **Australia:** This publication is disseminated in Australia by Morgan Stanley Investment Management (Australia) Pty Limited ACN: 122040037, AFSL No. 314182, which accept responsibility for its contents. This publication, and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act. Calvert Research and Management, ARBN 635 157 434 is regulated by the U.S. Securities and Exchange Commission under U.S. laws which differ from Australian laws. Calvert Research and Management is exempt from the requirement to hold an Australian financial services license in accordance with class order 03/1100 in respect of the provision of financial services to wholesale clients in Australia.

Japan: For professional investors, this document is circulated or distributed for informational purposes only. For those who are not professional investors, this document is provided in relation to Morgan Stanley Investment Management (Japan) Co., Ltd. ("MSIMJ")'s business with respect to discretionary investment management agreements ("IMA") and investment advisory agreements ("IAA"). This is not for the purpose of a recommendation or solicitation of transactions or offers any particular financial instruments. Under an IMA, with respect to management of assets of a client, the client prescribes basic management policies in advance and commissions MSIMJ to make all investment decisions based on an analysis of the value, etc. of the securities, and MSIMJ accepts such commission. The client shall delegate to MSIMJ the authorities necessary for making investment. MSIMJ exercises the delegated authorities based on investment decisions of MSIMJ, and the client shall not make individual instructions. All investment profits and losses belong to the clients; principal is not guaranteed. Please consider the investment objectives and nature of risks before investing. As an investment advisory fee for an IAA or an IMA, the amount of assets subject to the contract multiplied by a certain rate (the upper limit is 2.20% per annum (including tax)) shall be incurred in proportion to the contract period. For some strategies, a contingency fee may be incurred in addition to the fee mentioned above. Indirect charges also may be incurred, such as brokerage commissions for incorporated securities. Since these charges and expenses are different depending on a contract and other factors, MSIMJ cannot present the rates, upper limits, etc. in advance. All clients should read the Documents Provided Prior to the Conclusion of a Contract carefully before executing an agreement. This document is disseminated in Japan by MSIMJ, Registered No. 410 (Director of Kanto Local Finance Bureau (Financial Instruments Firms)), Membership: The Japan Securities Dealers Association, the Investment Trusts Association, Japan, the Japan Investment Advisers Association and the Type II Financial Instruments Firms Association.

LATAM

Brazil: This document does not constitute a public offering of securities for the purposes of the applicable Brazilian regulations and has therefore not been and will not be registered with the Brazilian Securities Commission (Comissão de Valores Mobiliários) or any other government authority in Brazil. All information contained herein is confidential and is for the exclusive use and review of the intended addressee of this document, and may not be passed on to any third party. **Chile:** Neither the Fund nor the interests in the Fund are registered in the Registry of Offshore Securities (el Registro de Valores Extranjeros) or subject to the supervision of the Commission for the Financial Market (la Comisión para el Mercado Financiero). This document and other offering materials relating to the offer of the interests in the Fund do not constit ute a public offer of, or an invitation to subscribe for or purchase, the Fund interests in the Republic of Chile, other than to individually identified purchasers pursuant to a private offering within the meaning of Article 4 of the Chilean Securities Act (la Ley del Mercado de Valores) (an offer that is not "addressed to the public at large or to a certain sector or specific group of the public"). **Colombia:** This document does not constitute an invitation to invest or a public offer in the Republic of Colombia and is not governed by Colombian law. The interests in the Fund have not been and will not be registered with the National Register of Securities and Issuers (el Registro Nacional de Valores y Emisores) maintained by the Financial Supervisory Authority of Colombia (la Superintendencia Financiera de Colombia) and will not be listed on the Colombian Stock Exchange (la Bolsa de Valores de Colombia). The interests in the Fund are being offered under circumstances which do not constitute a public offering of securities under applicable Colombian securities laws and regulations. The offer of the interests in the Fund is addressed to fewer than one hundred specifically identified investors. Accordingly, the interests in the Fund may not be marketed, offered, sold or negotiated in Colombia, except under circumstances which do not constitute a public offering of securities under applicable Colombian securities laws and regulations. This document is provided at the request of the addressee for information purposes only and does not constitute a solicitation. The interests in the Fund may not be promoted or marketed in Colombia or to Colombian residents unless such promotion and marketing is carried out in compliance with Decree 2555 of 2010 and other applicable rules and regulations related to the promotion of foreign financial and securities related products or services in Colombia Colombian eligible investors acknowledge that the interests in the Fund (i) are not financial products, (ii) are transferable only in accordance with the terms of the Fund's constitutional documents and (iii) do not offer any principal protection. Colombian eligible investors acknowledge Colombian laws and regulations (in particular, foreign exchange, securities and tax regulations) applicable to any transaction or investment consummated in connection with an investment in the Fund, and represent that they are the sole liable party for full compliance with any such laws and regulations. In addition, Colombian investors acknowledge and agree that the Fund will not have any responsibility, liability or obligation in connection with any consent, approval, filing, proceeding, authorization or permission required by the investor or any actions taken or to be taken by the investor in connection with the offer, sale or delivery of the interests in the Fund under Colombian law. **Mexico:** Any prospective purchaser of the interests in the Fund must be either an institutional investor (inversionista institucional) or a qualified investor (inversionista calificado) within the meaning of the Mexican Securities Market Law (Ley del Mercado de Valores) (the "Securities Market Law") and other applicable Mexican laws in effect. The interests in the Fund have not and will not be registered in the National Registry of Securities (Registro Nacional de Valores) maintained by the Mexican Banking and Securities Commission (Comisión Nacional Bancaria y de Valores). The interests in the Fund may not be offered or sold in the United Mexican States by any means except in circumstances which constitute a private offering pursuant to Article 8 of the Securities Market Law and its regulations. No Mexican regulatory authority has approved or disapproved the interests in the Fund or passed on the solvency of the Fund. All applicable provisions of the Securities Market Law must be complied with in respect of any sale, offer or distribution of, or intermediation in respect of, the Fund interests in, from or otherwise involving Mexico, and any resale of the interests in the Fund within Mexican territory must be made in a manner that will constitute a private offering pursuant to Article 8 of the Securities Market Law and its regulations. **Peru:** The interests in the Fund have not been and will not be registered in Peru under Decreto Legislativo 862: Ley de Fondos de Inversión y sus Sociedades Administradoras or under Decreto Legislativo 861: Ley del Mercado de Valores (the "Securities Market Law"), and are being offered to institutional investors only (as defined in article 8 of the Securities Market Law) pursuant to a private placement, according to article 5 of the Securities Market Law. The interests in the Fund have not been registered in the securities market public registry (Registro Público del Mercado de Valores) maintained by, and the offering of the Fund interests in Peru is not subject to the supervision of, the Superintendencia del Mercado de Valores. Any transfers of the Fund interests shall be subject to the limitations contained in the Securities Market Law and the regulations issued thereunder. **Uruguay:** The offering of the Interests qualifies as a private placement pursuant to section 2 of Uruguayan law 18,627. The Interests will not be offered or sold to the public (Individuals or Companies) in Uruguay, except in circumstances which do not constitute a public offering or distribution through a recognized Exchange under Uruguayan laws and regulations,. Neither the Fund nor the Interests are or will be registered with la Superintendencia de Servicios Financieros del Banco Central del Uruguay. The Fund corresponds to an investment fund that is not an investment fund regulated by Uruguayan law 16,774 dated September 27, 1996, as amended.

CRC 4489974 Exp. 03/31/2023 Lit-Link: EMEQUITY-ESGREPORT2022 10181633