



WHEREAS: Banks play a critical role in meeting the Paris Agreement’s goal of limiting global temperature rise to well below 2 degrees Celsius. Limiting global warming below 1.5 degrees versus 2 degrees will save \$20 trillion globally by 2100.¹ The 2018 Intergovernmental Panel report on climate change warns that global warming above 1.5 degrees will create devastating impacts, including loss of life, ecosystem destruction, infrastructure damage, and supply chain disruptions. Yet, the Bank of England notes that the global financial system is currently supporting carbon-producing projects that will cause global temperature rise of **over 4 degrees** Celsius – more than double the limit necessary to avoid catastrophic warming.²

Recently, 215 of the biggest global companies reported almost \$1 trillion at risk from climate impacts, with some likely to occur within five years.³

Morgan Stanley’s funding contributes substantially to global climate change. The company is one of the top fifteen largest sources of financing to fossil fuel companies globally, averaging over \$22 billion annually since the Paris Agreement was signed.⁴ This funding creates systemic portfolio risks to the global economy, investors, and its own operations. Recognizing the risks and impacts of funding fossil fuel development, the European Investment Bank, the biggest multilateral lender in the world, will stop funding fossil fuel projects in 2021.⁵

In contrast to Morgan Stanley, peer banks are also beginning to responsibly address their greenhouse gas contributions by developing carbon measurement tools -- including the Paris Agreement Capital Transition Assessment (PACTA) and the Partnership for Carbon Accounting Financials (PCAF)⁶ -- and setting carbon limits on

¹ https://www.nature.com/articles/s41586-018-0071-9.epdf?referrer_access_token=eELbUpZu30ES9BZ5nW-IO9RgN0jAjWel9jnR3ZoTv0OskypFEzLGji1pAcPpJpRUaGWQE4lx7PFk7egARc69rHFdME6PIOQVM oys1HbEajGubYyh-cFm3MRhg2s_I4sq46QiSTTapLjDvV_ZfQ9KGWA8erEPxeWaOCy4qkvcpBhNc54Z8P42aBjGNCzAlbv5yke0I5kD-SmaMHFGX5BldaEIsLdP99o9n2q_t7mKL6bo-HzTh6kQ7MsxZ2fBRfoJOUWNO9sPf0BIa_bvKByEeRaGJIJGmvTt7OhAIFSI4IPK9yTGpptomAc2gdnMSzTNYhlU5LjqY5JMkXschCdYMQ%3D%3D&tracking_referrer=www.theguardian.com

² https://www.theguardian.com/business/2019/oct/15/bank-of-england-boss-warns-global-finance-it-is-funding-climate-crisis?CMP=Share_iOSApp_Other

³ <https://www.cdp.net/en/articles/media/worlds-biggest-companies-face-1-trillion-in-climate-change-risks>

⁴ https://www.ran.org/wp-content/uploads/2019/03/Banking_on_Climate_Change_2019_vFINAL1.pdf

⁵ <https://www.nytimes.com/reuters/2019/11/14/business/14reuters-climate-europe-eib.html>

⁶ <http://news.bostoncommonasset.com/wp-content/uploads/2019/11/Banking-on-a-Low-Carbon-Future-2019-11.pdf>



their financing. HSBC has committed to set a Science-Based Target.⁷ ING, BNP Paribas, Standard Chartered, and other banks have committed to measure the climate alignment of their lending portfolios against Paris goals.⁸ Some have abandoned high risk sectors including Arctic drilling and tar sands.⁹ Citibank joined the Principles for Responsible Banking, committing to align its business strategy with the Paris Agreement's global climate goals.

While Morgan Stanley has increased its clean energy financing, recognizes climate change, and is sourcing renewable energy for its operations,^{10, 11} its annual approximately \$19 billion in clean energy financing *over 13 years* is outweighed by its fossil fuel funding activities.¹² Morgan Stanley does not yet measure or disclose the full carbon footprint associated with its lending, nor has it adopted targets to reduce its lending related greenhouse gas (GHG) emissions. Banks that finance carbon intensive fossil fuel activities through their lending are putting themselves and society at risk of catastrophic climate impacts.

BE IT RESOLVED: Shareholders request that Morgan Stanley issue a report, at reasonable cost and omitting proprietary information, on whether, how, and when it will begin measuring and disclosing the greenhouse gas footprint of its lending activities.

⁷ <https://sciencebasedtargets.org/companies-taking-action/>

⁸ <https://www.ingwb.com/insights/news/2018/banks-join-ing-in-aligning-loan-portfolios-to-fight-climate-change>

⁹ <https://www.environmental-finance.com/content/analysis/banking-on-a-changing-climate.html>

¹⁰ <https://www.morganstanley.com/articles/carbon-neutral-by-2022>

¹¹ https://www.morganstanley.com/press-releases/morgan-stanley-announces-new-commitment-to-finance-250bn-in-low?cid=SM_CORP__TWITTER_MorganStanley_20180424&linkId=50879879

¹² <https://www.wri.org/finance/banks-sustainable-finance-commitments/>