



BE IT RESOLVED: Shareholders request that Morgan Stanley issue a report disclosing a climate transition plan that describes how it intends to align its financing activities with its 2030 sectoral greenhouse gas emissions reduction targets, including the specific measures and policies necessary to achieve its target, the reductions to be achieved by such measures and policies, and timelines for implementation and associated emission reductions.

WHEREAS: The banking sector has a critical role to play in achieving global Net Zero by 2050 goals. The Net Zero Banking Alliance (NZBA) notes that 40 percent of global banking assets have committed to align lending and investment portfolios with Net Zero by 2050. But targets alone are insufficient. Investors seek disclosures demonstrating banks' concrete transition strategies to credibly achieve their disclosed emission reduction targets.

The United Nations has recommended that financial institution transition plans demonstrate how all parts of the business align with interim targets and long-term net zero targets.¹ Other guidelines exist to help financial institutions operationalize and translate net zero commitments into strategies "with specific objectives . . . against which progress can be assessed."^{2,3}

Recognizing the need for action, and the importance of achieving global 1.5° climate goals, Morgan Stanley joined the NZBA. In 2020, it announced a Net Zero by 2050 greenhouse gas emissions (GHG) reduction goal, and in 2021 set aligned 2030 intensity reduction targets for the energy, power, and auto manufacturing sectors of its corporate lending portfolio.⁴ The Company states that it has begun integrating climate change into the firm's decision-making and has developed a four-pronged climate strategy including: supporting a transition to a low carbon economy; managing climate risk; providing climate-related disclosure; and enhancing the climate resilience of its operations.⁵ It has adopted financing limitations on certain coal activities and Arctic oil

¹ https://www.un.org/sites/un2.un.org/files/high-level_expert_group_n7b.pdf p.21-22

² <https://www.iigcc.org/media/2022/07/An-investor-led-framework-of-pilot-indicators-to-assess-banks-on-the-transition-to-net-zero-28-July.pdf>

³ https://assets.bbhub.io/company/sites/63/2022/06/GFANZ_Recommendations-and-Guidance-on-Net-zero-Transition-Plans-for-the-Financial-Sector_June2022.pdf p. v

⁴ <https://www.morganstanley.com/content/dam/msdotcom/about-us/netzero/Morgan-Stanley-Net-Zero-Target-Methodology.pdf> p.3,8

⁵ https://www.morganstanley.com/content/dam/msdotcom/en/assets/pdfs/Morgan_Stanley_2021_Climate_Report.pdf p. 4



and gas development, and enhanced due diligence review on other high-risk activities.⁶ It has also committed to mobilize \$750 billion to support low carbon solutions.⁷

These are important first steps. But Morgan Stanley cannot stop there. Shareholders are concerned that our Company has not developed a transition plan for how it will achieve its 2030 sectoral reductions targets. An effective transition plan creates accountability by describing the affirmative strategies, indicators, milestones, metrics, and timelines necessary to deliver on its decarbonization targets and ensure investors that it is fully accountable for the risks associated with its financing of high-carbon activities. Currently, Morgan Stanley does not demonstrate whether, or how, its generalized actions will result in aligned emissions reductions.

Disclosing a clear climate transition plan will help assure investors that Morgan Stanley has an effective transition plan in place for achieving its 2030 intensity goals and is accountable for achieving them.

⁶ https://www.morganstanley.com/content/dam/msdotcom/en/about-us-governance/pdf/Environmental_and_Social_Policy_Statement.pdf;
https://www.morganstanley.com/content/dam/msdotcom/en/assets/pdfs/Morgan_Stanley_2021_Climate_Report.pdf p. 34

⁷ https://www.morganstanley.com/content/dam/msdotcom/en/assets/pdfs/Morgan_Stanley_2021_Climate_Report.pdf p.18