



**WHEREAS:** Morgan Stanley has established a Net Zero by 2050 goal and aligned 2030 emission reduction targets for financing activity in the energy, auto manufacturing, and power sectors. Despite investor demand for clearer disclosure on banks' transition plans,<sup>1</sup> shareholders lack critical information as to whether Morgan Stanley is on a path to meet its 2030 targets.

Morgan Stanley's disclosures fail to disclose the impact that high-emitting sectors will have on its ability to meet its 2030 targets or its responsive actions. Independent assessments show that many companies in these sectors are failing to align with a Net Zero-aligned 2030 pathway. The Transition Pathway Initiative finds no public companies in the oil and gas energy sector have 2030 targets aligned with a 1.5°C-scenario, and no public auto manufacturers, besides dedicated electric vehicle manufacturers, are on a 2030 Net Zero-aligned pathway.<sup>2</sup> For the electricity generation sector to reach a Net Zero aligned 2030 goal, the speed of electrification needs to double.<sup>3</sup>

The firm's omission leaves investors unable to assess the potential for misalignment between Morgan Stanley's 2030 targets, its clients' transition progress, and what actions, if any, Morgan Stanley is taking to address such misalignment.

As the Institutional Investors Group on Climate Change explains, to deliver on their targets, banks should disclose protocols and strategies specific to each business activity, including "phasing out financing of inconsistent activities which present particular risks... while pivoting financing towards climate solutions."<sup>4</sup> Other actions may include developing criteria related to financing misaligned clients and setting firmwide targets to increase the share of financing, facilitation, and revenue derived from 1.5°C-aligned companies and activities.

Morgan Stanley must disclose a fully informed, realistic transition plan to meet its goals. This requires assessing its clients' likelihood of meeting Net Zero-aligned 2030 goals and creating clear plans to address likely misalignment.

The potential for misalignment between clients and Morgan Stanley's GHG emission reduction goals carries significant risk. If the firm fails to meet its targets, it faces the possibility of reputational harm, litigation risk (including from greenwashing claims), and

---

<sup>1</sup> <https://www.ft.com/content/8318f146-a41c-49f8-94df-811799b0c60f>

<sup>2</sup> <https://www.transitionpathwayinitiative.org/sectors/oil-gas>;  
<https://www.transitionpathwayinitiative.org/sectors/autos>

<sup>3</sup> <https://www.iea.org/energy-system/electricity/electrification>

<sup>4</sup> <https://139838633.fs1.hubspotusercontent-eu1.net/hubfs/139838633/Past%20resource%20uploads/IIGCC-Net-Zero-Standard-for-Banks-June-2023.pdf>, p.9



financial costs.<sup>5</sup> Failure to meet targets also contributes to systemic climate risk, harming Morgan Stanley and investors' portfolios.

**BE IT RESOLVED:** Shareholders request that, for each of its sectors with a Net Zero-aligned 2030 target, Morgan Stanley annually disclose the proportion of sector emissions attributable to clients that are not aligned with a credible Net Zero pathway, whether this proportion of unaligned clients will prevent Morgan Stanley from meeting its 2030 targets, and actions it proposes to address any such emissions reduction shortfalls.

**SUPPORTING STATEMENT:** At management discretion, the assessment should take into account all material financing mechanisms and asset classes that contribute to Morgan Stanley's emissions, including direct lending, underwriting, and investments. Emissions attributable to unaligned clients can be measured using estimates or other appropriate methods.

---

<sup>5</sup> <https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/banks-face-mounting-risk-of-fines-regulatory-probes-over-sustainability-claims-74385257>