

Morgan Stanley

Morgan Stanley Sustainable Issuance Framework

January 2025

Introduction

Morgan Stanley (“Morgan Stanley” or the “Firm”) is a leading global financial services firm. At Morgan Stanley, our sustainability strategy is focused on helping our clients achieve their own sustainability-related ambitions by providing advice, products and solutions. In 2021, Morgan Stanley set a goal to mobilize \$1 trillion for sustainable solutions by 2030, including \$750 billion toward low-carbon and green solutions. We have made significant progress, having now achieved over \$820 billion¹. Morgan Stanley’s three business segments—Institutional Securities, Wealth Management and Investment Management—contribute to our sustainable finance target and also offer a broader range of sustainability-related products and solutions to our clients.

Our ability to deliver an integrated firm allows us to capture new opportunities that aim to bring positive long-term results not only to our clients and shareholders, but to the environment and society at large. In order to do this, we need to ensure that relevant ESG topics are incorporated into our corporate policies, business activities and operations. There are various ESG topics that are important to the Firm, including human capital, climate change and governance.

Led by our Chief Sustainability Officer and overseen by our Chief Administrative Officer, the Global Sustainability Office (“GSO”) drives the Firm’s sustainability strategy through thought leadership and innovation. GSO is organized across three areas of focus:

- 1. Global Sustainable Finance** partners with Institutional Securities, Wealth Management and Investment Management to provide innovative ESG advice, products and solutions for our clients. As part of this effort, the Morgan Stanley Sustainable Insights Lab serves as an ESG data hub for the Firm, catalyzing data-driven solutions and quantitative analyses on sustainability topics
- 2. Firmwide Sustainability** works to integrate ESG considerations across our business practices, operations and culture. This includes driving our Firmwide climate strategy, managing key Firm ESG disclosures, engaging with stakeholders and reducing the environmental impact of our operations
- 3. The Morgan Stanley Institute for Sustainable Investing (“ISI”)** helps accelerate the field of sustainable investing through thought leadership and capacity-building programs. The ISI is guided by an external advisory board that helps shape our ESG efforts both internally and externally

¹ Data as of December 31, 2023.

Sustainable Issuance Framework

Morgan Stanley has established this Sustainable Issuance Framework (“Framework”), which will enable the issuance of green, social and sustainability instruments (together the “Sustainable Instruments”)² by Morgan Stanley or any of its wholly owned subsidiaries to finance or refinance a variety of assets (“Eligible Projects”) which, in the view of Morgan Stanley, contribute to environmental and social objectives as further detailed in the eligibility criteria section.

This Framework aims to bring together investment and private capital to contribute to real economy decarbonization and create lasting positive change to communities across the globe.

Morgan Stanley’s Framework is aligned to the Green Bond Principles (“GBP”) 2021³, the Social Bond Principles (“SBP”) 2023⁴ and the Sustainability Bond Guidelines (“SBG”) 2021⁵ (collectively, the “Principles”) as administered by the International Capital Market Association (“ICMA”), and addresses the following key pillars, in line with the Principles:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting
5. External Reviews

1. USE OF PROCEEDS

1.1 Eligibility Criteria

An amount equal to the gross proceeds raised by way of Sustainable Instruments issued pursuant to this Framework will be allocated to the financing or refinancing, in whole or in part, of new or existing green or social loans, investments and expenditures (“Eligible Projects”), that Morgan Stanley or any of its wholly owned subsidiaries considers consistent with the eligibility criteria in this Framework, and which together form the “Eligible Portfolio”.

United Nations Sustainable Development Goals (“SDGs”)

The SDGs were adopted by the United Nations in 2015 as a universal call to action towards an inclusive, low-carbon world economy. Each category of Eligible Projects set out in this Framework seeks to advance the SDGs as mapped in the table on the following page.

² As used herein, the term “instruments” refers to any issuance made pursuant to the Framework, which may include but is not limited to bonds, notes, certificates and time deposits.




³ With June 2022 Appendix, https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Green-Bond-Principles_June-2022-280622.pdf

⁴ <https://www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/Social-Bond-Principles-SBP-June-2023-220623.pdf>

⁵ <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Sustainability-Bond-Guidelines-June-2021-140621.pdf>

Eligibility Criteria for Green Projects



To qualify for the Eligible Portfolio as an Eligible Project, a green project must meet the eligibility criteria for at least one of the following project categories.

ELIGIBLE CATEGORY	ENVIRONMENTAL OBJECTIVE	ELIGIBILITY CRITERIA	CORE SDGS
Renewable Energy	Climate change mitigation	<p>Financing for, and investments in, renewable and low-carbon energy, including the development, storage, transmission, construction, installation, operation, acquisition, maintenance, upgrades and associated costs relating to the following:</p> <ul style="list-style-type: none"> • Wind energy • Solar energy • Hydro power⁶ • Geothermal energy facilities⁷ • Hydrogen produced with renewable energy 	
Energy Storage	Climate change mitigation	<p>Financing for, and investments in, battery storage systems, including the development, transmission, construction, installation, operation, acquisition, maintenance, upgrades and associated costs</p>	
Green Buildings	Climate change mitigation	<p>Financing for, and investments in, the development, construction, installation, operation, acquisition, maintenance, upgrades and associated costs relating to:</p> <ul style="list-style-type: none"> • Buildings⁸ with current certifications from third party verified green building standards, including: <ul style="list-style-type: none"> ○ LEED Gold or Platinum Standard ○ BREEAM Very Good, Excellent or Outstanding Standard ○ DGNB Gold or Platinum ○ Energy Performance Certificate (EPC) A ○ Energy Star 85 and above ○ NABERS 4.5 Stars and above ○ Green Star 5 and 6 	

⁶ Consists of activities that comply with any of the following: a) an electricity generation facility that is a run-of-river plant and does not have an artificial reservoir; b) an electricity generation facility with power density above 5 W/m² for projects built before 2020 and 10 W/m² for projects built after 2020; or c) an electricity generation facility where the life-cycle greenhouse gas (“GHG”) emissions from the generation of electricity from hydropower are lower than 100gCO₂e/kWh for projects built before 2020 or 50gCO₂e/kWh for projects built after 2020, as verified by a third party.

⁷ Consists of activities where the life-cycle GHG emissions from generation of electricity from geothermal energy are lower than 100g/CO₂e/kWh, as verified by a third party.

⁸ Excludes manufacturing, industrial, and storage facilities.

ELIGIBLE CATEGORY	ENVIRONMENTAL OBJECTIVE	ELIGIBILITY CRITERIA	CORE SDGS
<p>Green Buildings</p>	<p>Climate change mitigation</p>	<ul style="list-style-type: none"> • Buildings⁸ that are working towards the above certifications. To qualify as eligible, buildings that are working towards⁹ certification will have achieved one or both of the following: <ul style="list-style-type: none"> ◦ Have a signed construction contract in place which states that the building will be developed, expanded, constructed, or renovated to meet one of the above certifications ◦ Have received interim certifications or confirmations indicating the construction-in-process is being performed in accordance with accredited certification milestones, as verified by an accredited certification administrator or other similar qualified third party • Energy-efficient data centers designed for annualized Power Usage Effectiveness (“PUE”) less than or equal to 1.5¹⁰ 	
<p>Clean Transportation</p>	<p>Climate change mitigation</p>	<p>Financing for, and investments in, construction, development, acquisition, maintenance and operation of:</p> <ul style="list-style-type: none"> • Zero direct emissions vehicles, including cars, trucks and buses (“EVs”) • Charging stations and other infrastructure and equipment dedicated to electrified passenger transport¹¹, including battery technology • Building or operating mass transit¹², rolling stock and the infrastructure to support mass transit, including depot and maintenance facilities, signaling equipment, platform gates, utilities and other enabling infrastructure that promotes transportation¹³ 	

⁸ Excludes manufacturing, industrial, and storage facilities.


⁹ Buildings that are working towards certification may not ultimately obtain an accredited certification and will be excluded from the portfolio if such accreditation expires or the final certification does not comply with the criteria set forth by this Framework. Interim certifications and confirmations are not equivalent to having a certification. These are milestones that occur in the process of working towards certification. There is no guarantee that these interim certifications or confirmations will result in an eventual certification or verification.

¹⁰ As verified by a third party.

¹¹ Consists of infrastructure to support zero direct emissions vehicles and excludes standalone parking facilities.





¹² Including fully electrified public transport, urban metro, rail and non-motorized, multi-modal transportation.

¹³ The infrastructure and installations will be dedicated to urban and suburban public passenger transport, including associated signaling systems for metro, tram and rail systems. Excludes freight rail.

ELIGIBLE CATEGORY	ENVIRONMENTAL OBJECTIVE	ELIGIBILITY CRITERIA	CORE SDGS
Sustainable Water & Wastewater Management	Climate change adaptation and sustainable use and protection of water and marine resources	Financing for and investments in the construction, development, acquisition, maintenance and operation of infrastructure for: <ul style="list-style-type: none"> • Making clean and/or drinking water • Wastewater treatment¹⁴ • Urban drainage systems • River training and other forms of flooding mitigation¹⁵ 	

Eligibility Criteria for Social Projects

To qualify for the Eligible Portfolio as an Eligible Project, a social project must meet the eligibility criteria for at least one of the following project categories.

ELIGIBLE CATEGORY	SOCIAL OBJECTIVE	ELIGIBILITY CRITERIA	CORE SDGS
Affordable Housing	Projects aiming to provide housing at affordable rates to low- or moderate-income (“LMI”) individuals and/or families	Affordable housing projects are required to meet one of the following categories: <ul style="list-style-type: none"> • Investments in funds that have the stated objective, per the fund’s governing documents, in part, to provide the limited partners with opportunities to make investments in low-income communities, including without limitation affordable housing projects that meet the definition of public welfare investments as defined in 12 CFR 24.3 • Has received a Low-Income Housing Tax Credit “LIHTC” (created by the Tax Reform Act of 1986, as amended) from relevant allocating agencies 	 
Access to Education	Projects aiming to expand access to quality and affordable education to underprivileged students	Financing of activities that are designed to provide access to education, teachers, and teacher training materials; including costs related to: <ul style="list-style-type: none"> • Pre-primary, primary and secondary education programs at school districts, charter schools and/or special act districts. This includes costs pertaining to teachers and students within these districts or schools receiving Title I funding under the Elementary and Secondary Education Act, amended by the Every Student Succeeds Act 	 

¹⁴ Limited to municipal wastewater treatment projects.

¹⁵ Limited to municipal governments with a vulnerability assessment, including an assessment of climate risks and an adaptation plan.

1.2 Risk Management & Exclusionary Criteria

Morgan Stanley employs robust risk management policies, including for environmental and social risk, to help the Firm deliver long-term value for our clients, shareholders and employees.

Morgan Stanley's [Environmental and Social Policy Statement](#) ("ESPS") outlines the Firm's commitment and approach to identifying and assessing environmental and social risks, including due diligence processes and tailored approaches to certain sectors and cross-sector issues. It is an evolving document which is reviewed annually by our Environmental and Social Risk Management team, senior representatives of the business units, the Global Sustainability Office, and other relevant internal control functions and updated accordingly to address emerging risks and market developments. The ESPS is approved by the Firm's ESG and Global Franchise Committees and material amendments are presented to the Governance and Sustainability Committee of the Morgan Stanley Board of Directors for Approval.

Any project that fails to meet the eligibility criteria defined in Section 1.1 or is inconsistent or in contravention with Morgan Stanley's ESPS is excluded from the Eligible Portfolio.

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

The Firm ESG Committee (the "ESG Committee") will have overall responsibility for the supervision of the procedures outlined in this Framework. The ESG Committee has cross-Firm representation, including from the Global Sustainability Office, Finance, Risk Management and Legal and Compliance functions, and from the Institutional Securities, Investment Management and Wealth Management business segments.

The ESG Committee will review the Framework and items related to Morgan Stanley's sustainable issuances on an annual basis, and more frequently, as necessary.

The process for evaluation and selection of Eligible Projects will be as follows:

1. Utilizing the eligibility criteria within this Framework, the relevant business units will identify and propose Eligible Projects. The Eligible Projects will be tracked using an internal system and aggregated to form the Eligible Portfolio.
2. On an ongoing basis, new projects meeting the eligibility criteria will be added to the Eligible Portfolio and projects that have matured or been reimbursed will exit the portfolio.
3. A working group supervised by the ESG Committee and comprised of members from the Global Sustainability Office, Treasury, Environmental and Social Risk Management, among other functions (the "Sustainable Issuance Working Group") shall meet, at minimum, on a semi-annual basis to review the Eligible Portfolio in consultation with the participating business units. The Sustainable Issuance Working Group will make decisions on a consensus basis. Projects that no longer comply with the eligibility criteria will be excluded from the Eligible Portfolio.

3. MANAGEMENT OF PROCEEDS

As described in Section 2, Eligible Projects will be tracked in internal systems and will be aggregated to form the Eligible Portfolio. The Eligible Portfolio is dynamic: new Eligible Projects may be added as projects exit and proceeds are redeemed over the life of any Sustainable Instrument.

The proceeds from the issuance of Sustainable Instruments will be managed on a portfolio basis. On an ongoing basis, Treasury will monitor the Eligible Portfolio against the gross proceeds from the outstanding green, social and/or sustainability instruments to confirm:

- An amount equal to the gross proceeds raised through the green instruments will be at least equal to the amount of assets in the green Eligible Portfolio, which meet the Eligibility Criteria for Green Projects;
- An amount equal to the gross proceeds raised through the social instruments will be at least equal to the amount of assets in the social Eligible Portfolio, which meet the Eligibility Criteria for Social Projects; and
- An amount equal to the gross proceeds raised through the sustainability instruments will be at least equal to an amount of assets in a combination of the green and social Eligible Portfolios, which meet the Eligibility Criteria for Green and Social Projects respectively.

In the case of insufficient Eligible Projects in the Eligible Portfolio, Morgan Stanley will hold the balance of the unallocated amount in cash, cash equivalents and/or other high quality liquid assets in a segregated account established for tracking purposes until the amount and proceeds therefrom can be allocated to the Eligible Portfolio.

Payment of principal and interest on any Sustainable Instrument will be made from Morgan Stanley's general funds and will not be directly linked to the performance of any Eligible Project.

4. REPORTING

On an annual basis until the outstanding green, social, and sustainability instruments have matured, Morgan Stanley will publicly disclose on its website or in its ESG Report:

- The total amount of Sustainable Instruments outstanding pursuant to this Framework;
- The reported amounts of the assets in the Eligible Portfolio determined in accordance with U.S. GAAP;
- The amount of unallocated proceeds, if any; and
- The breakdown of the Eligible Portfolio by Eligible Category as outlined above

Additionally, where feasible, Morgan Stanley will report on the anticipated or estimated environmental and/or social impact of the Eligible Portfolio. Indicative impact metrics across each Eligible Category include but are not limited to those found in the Appendix of this Framework.

Depending on the availability and provided that no confidentiality agreements apply, Morgan Stanley may complement the above indicators with relevant case studies.

The information and materials found on Morgan Stanley's website, including, without limitation, the aforementioned report, are not part of or incorporated by reference into this document.

5. EXTERNAL REVIEWS

5.1 Second-Party Opinion

Prior to issuance, Morgan Stanley has appointed an independent second-party opinion provider to conduct an external review and issue a second-party opinion on the Framework's alignment to the GBP, SBP, and SBG.

5.2 External Assurance

Within one year of issuance, and on an annual basis until the outstanding green, social, and sustainability instruments have matured, Morgan Stanley will request an independent accountant to perform an attestation engagement conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants pertaining to Morgan Stanley's management assertion regarding the amount of assets determined in accordance with U.S. GAAP in the Eligible Portfolio compared to the gross proceeds from the outstanding Sustainable Instruments.

FRAMEWORK UPDATES

Morgan Stanley may update the Framework from time to time for alignment with market practice, the Firm's business or sustainability strategy, and regulatory developments.

Appendix: Possible Impact Reporting Metrics

The relevant metrics may include, amongst others:

Renewable Energy:

- Annual GHG emissions reduced/avoided in tons CO₂e
- Total energy produced in MW per year

Energy Storage:

- Annual storage capacity in MWh

Green Buildings:

- Annual GHG emissions reduced/avoided in tons CO₂e
- Number of assets funded

Clean Transportation:

- Annual GHG emissions reduced/avoided in tons CO₂e
- Number of mass transit systems supported
- Number of EVs and/or EV charging stations financed

Sustainable Water & Wastewater Management:

- Total population served by the system
- Volume of water (m³) saved/reduced/treated

Affordable Housing:

- Number of housing units created or rehabilitated

Access to Education:

- Number of educational institutions funded

DISCLAIMERS

FORWARD-LOOKING STATEMENTS

We have included in this Framework, and from time to time may make in our public filings, press releases or other public statements, certain statements that may constitute “forward-looking statements” within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. In addition, our management may make forward-looking statements to analysts, investors, representatives of the media and others. These forward-looking statements are not historical facts and represent only our beliefs regarding future events, many of which, by their nature, are inherently uncertain and beyond our control.

The nature of our business makes predicting the future trends of our revenues, expenses, and net income difficult. The risks and uncertainties involved in our businesses could affect the matters referred to in such statements, and it is possible that our actual results may differ, possibly materially, from the anticipated results indicated in these forward-looking statements. Important factors that could cause actual results to differ from those in the forward-looking statements include (without limitation):

- the effect of market conditions, particularly in the global equity, fixed income, currency, credit and commodities markets, including corporate, commercial and residential mortgage lending, real estate and energy markets;
- the level of individual investor participation in the global markets as well as the level and mix of client assets;
- the flow of investment capital into or from assets under management;
- the level and volatility of equity, fixed income and commodity prices, interest rates, inflation and currency values, other market indices or other market factors, such as market liquidity;
- the availability and cost of both credit and capital, as well as the credit ratings assigned to our unsecured short-term and long-term debt;
- technological changes instituted by us, our competitors or counterparties and technological risks, including risks associated with emerging technologies, business continuity and related operational risks, including breaches or other disruptions of our or a third party’s (or third-parties thereof) operations or systems;
- risk associated with cybersecurity threats, including data protection and cybersecurity risk management;
- our ability to effectively manage our capital and liquidity, including under stress tests designed by our banking regulators;
- the impact of current, pending and future legislation or changes thereto, regulation (including capital, leverage, funding, liquidity, consumer protection, and recovery and resolution requirements) and our ability to address such requirements;
- uncertainty concerning fiscal or monetary policies established by central banks and financial regulators, government shutdowns, debt ceilings or funding;
- changes to global trade policies, tariffs, and replacement or reform of certain interest rate benchmarks;
- legal and regulatory actions, including litigation and enforcement, and other non-financial risks in the U.S. and worldwide;
- changes in tax laws and regulations globally;
- the effectiveness of our risk management processes and related controls, including climate risk;
- our ability to effectively respond to an economic downturn, or other market disruptions;
- the effect of social, economic, and political conditions and geopolitical events, including as a result of government shutdowns, changes in U.S. presidential administrations or Congress, sovereign risk, acts of war or aggression, and terrorist activities or military actions;
- the actions and initiatives of current and potential competitors, as well as governments, central banks, regulators and self-regulatory organizations;
- our ability to provide innovative products and services and execute our strategic initiatives, and costs related thereto, including with respect to the operational or technological integration related to such innovative and strategic initiatives;
- the performance and results of our acquisitions, divestitures, joint ventures, partnerships, minority stakes or strategic alliances, or other strategic arrangements and related integrations;
- investor, consumer and business sentiment and confidence in the financial markets;
- our reputation and the general perception of the financial services industry;
- our ability to retain, integrate and attract qualified employees or successfully transition key roles; and
- climate-related incidents, other environmental and sustainability matters, and global pandemics

Accordingly, you are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date on which they are made. We undertake no obligation to update publicly or revise any forward-looking statements to reflect the impact of circumstances or events that arise after the dates they are made, whether as a result of new information, future events or otherwise except as required by applicable law. You should, however, consult further disclosures we may make in future filings of our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K and any amendments thereto or in future press releases or other public statements.

MATERIALITY

The disclosures included in this Framework are being provided to the public in an effort to provide transparency into our sustainable issuances. Our approaches to the disclosures included in this Framework differ in significant ways from those included in mandatory regulatory reporting, including under SEC rules and regulations. Information within this Framework may be presented from a different perspective or in more detail than disclosures mandated by our global regulators. In particular, while the foregoing discussion describes potential future events that may be significant or material (based on disclosure recommendations and broader definitions of materiality used by certain voluntary external frameworks and reporting guidelines or those in non-U.S. jurisdictions), impact reporting metrics, and sustainable development and finance goals, the significance or materiality of those potential events, metrics, and goals should not be read as equating to or arising to the level of materiality as required under U.S. federal securities laws, including as the concept is used in Morgan Stanley’s periodic filings with the SEC under the Exchange Act. In addition, any discussion of forward-looking statements in this Framework is not an indication that the subject or information is material to Morgan Stanley for U.S. federal securities laws and regulations reporting purposes.

USE OF THIRD-PARTY INFORMATION

No reports, documents or websites that are cited or referred to in this Framework shall be deemed to form part of this Framework. In

In addition, certain information contained in this Framework has been derived from publicly available information released by third-party sources, which Morgan Stanley believes to be reasonable, although Morgan Stanley has only been able to complete limited validation. To the extent that such third-party information we use is subsequently determined to be erroneous or otherwise not in keeping with best practices, it may affect our disclosures. Certain third-party information may change over time as methodologies evolve and are refined or current data changes or is restated or new data is added.

OTHER DISCLOSURES

The information contained in this Framework is provided as at the date of this Framework and is subject to change without notice. Morgan Stanley does not assume any responsibility or obligation to update or revise the statements contained in this Framework, regardless of whether those statements are affected by the results of new information, future events or otherwise. This Framework is not intended to, nor can it be relied on, to create legal relations, rights or obligations. This Framework is intended to provide non-exhaustive, general information.

Any references to “sustainable investing,” “sustainable investments,” “ESG” or similar terms in this Framework are intended as references to the internally defined criteria of the firm or our businesses only, as applicable, and not to any jurisdiction-specific regulatory definition.

No representation is made as to the suitability of any issuance of green, social or sustainability instruments to fulfill environmental and sustainability criteria required by prospective investors. Each potential purchaser should determine for itself the relevance of the information contained or referred to in this Framework or the relevant instrument documentation regarding the use of proceeds and its purchase should be based upon such investigation as it deems necessary.

Each potential investor should be aware that Eligible Projects may not satisfy the investor’s expectations concerning environmental or sustainability benefits, and may result in adverse impacts.

This Framework does not constitute a recommendation regarding any securities of Morgan Stanley. This Framework is not, does not contain and may not be intended as an offer to sell or a solicitation of any offer to buy any securities issued by Morgan Stanley. In particular, neither this document nor any other related material may be distributed or published in any jurisdiction in which it is unlawful to do so, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession such documents may come must inform themselves about, and observe, any applicable restrictions on distribution. If any offer to sell or solicitation of any offer to buy any securities issued by Morgan Stanley is made, it will be done so pursuant to separate and distinct documentation in the form of a prospectus supplement, an accompanying prospectus or other equivalent document and a related pricing term sheet (collectively, the “Offering Documents”). Any decision to subscribe for or purchase any securities pursuant to such offer or solicitation should be made only after carefully reviewing such Offering Documents, including any documents incorporated by reference therein, and consulting with any legal, tax, financial and other advisors, as appropriate. No decision to subscribe for or purchase any securities of Morgan Stanley should be made on the basis of the information contained in this Framework.

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Morgan Stanley Wealth Management is a business of Morgan Stanley Smith Barney LLC.