

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

As a leading global financial services firm, Morgan Stanley advises, originates, trades, manages and distributes capital for governments, corporations, institutions and individuals. By Putting Clients First, Leading with Exceptional Ideas, Doing the Right Thing, and Giving Back, we aim to deliver results today, while advancing strategic goals for the future.

Morgan Stanley maintains significant market positions in its three business segments, Institutional Securities, Wealth Management and Investment Management. Through subsidiaries and affiliates, we provide a wide variety of products and services to a large and diversified group of clients and customers, including corporations, governments, financial institutions and individuals. We have 58,000 employees in more than 37 countries.

Institutional Securities provides investment banking, sales and trading, lending and other services including investment and research services to corporations, governments, financial institutions and high to ultra-high net worth clients.

Wealth Management provides a comprehensive array of financial services and solutions to individual investors and small to midsize businesses and institutions covering brokerage and investment advisory services, financial and wealth planning, annuity and insurance products, cash management and lending products and services, and retirement plan and trust services.

Investment Management provides a broad range of investment strategies and products that span geographies, asset classes, and public and private markets to clients across institutional and intermediary channels. Strategies and products include equity, fixed income, liquidity and alternative/other products.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Row 1	January 1 2017	December 31 2017	No	<Not Applicable>
Row 2	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Row 3	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Row 4	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

C0.3

(C0.3) Select the countries/regions for which you will be supplying data.

Australia
Canada
China
China, Hong Kong Special Administrative Region
France
Germany
Hungary
India
Italy
Japan
Republic of Korea
Singapore
Spain
Turkey
United Kingdom of Great Britain and Northern Ireland
United States of America
Other, please specify (Rest of World)

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

USD

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your consolidation approach to your Scope 1 and Scope 2 greenhouse gas inventory.

Operational control

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Chief Executive Officer (CEO)	The Firm's Chief Sustainability Officer presents periodically to the full Board of Directors, of which the CEO is Chairman. The Morgan Stanley Institute for Sustainable Investing Advisory Board, also chaired by our CEO, helps to ensure that our sustainability strategy is comprehensive, rigorous and innovative.
Board Chair	Morgan Stanley's CEO also serves as Board Chair, so the information mentioned above also applies.
Other, please specify (Board of Directors Nominating and Govern)	The Nominating and Governance Committee of the Morgan Stanley Board of Directors oversees environmental, social and governance (ESG) initiatives, including those related to climate change. In fulfilling its duties, the Nominating and Governance Committee receives periodic updates from the Chief Sustainability Officer, who oversees the Company's efforts to promote global sustainability, including climate change, through the capital markets.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – all meetings	Reviewing and guiding strategy	The Morgan Stanley Institute for Sustainable Investing Advisory Board is chaired by our CEO, and helps to ensure that the Firm's sustainability strategy, including as it relates to climate change, is comprehensive, rigorous and innovative. The Institute is dedicated to accelerating the adoption of sustainable investing strategies, which seek to deliver both competitive financial returns and positive environmental and social impact. The Institute's advisory board meets twice a year.
Scheduled – some meetings	Reviewing and guiding strategy Reviewing and guiding risk management policies Monitoring implementation and performance of objectives	The Nominating and Governance Committee of the Morgan Stanley Board of Directors oversees ESG initiatives, including those related to climate change. The Committee receives periodic updates from the Chief Sustainability Officer who leads the Firm's efforts to promote global sustainability through capital markets.
Scheduled – some meetings	Reviewing and guiding strategy Reviewing and guiding risk management policies Monitoring implementation and performance of objectives	The Firm's Chief Sustainability Officer periodically presents to the full Board of Directors, of which the CEO is Chair.

C1.2

(C1.2) Below board-level, provide the highest-level management position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
Other C-Suite Officer, please specify (Vice Chairman)	Both assessing and managing climate-related risks and opportunities	As important matters arise
Chief Sustainability Officer (CSO)	Both assessing and managing climate-related risks and opportunities	As important matters arise
Other, please specify (Co-Head of Global Sustainable Finance)	Both assessing and managing climate-related risks and opportunities	As important matters arise
Environment/ Sustainability manager	Both assessing and managing climate-related risks and opportunities	As important matters arise
Risk committee	Both assessing and managing climate-related risks and opportunities	As important matters arise
Sustainability committee	Assessing climate-related risks and opportunities	As important matters arise
Other, please specify (Global Head of Corporate Services)	Both assessing and managing climate-related risks and opportunities	As important matters arise

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored.

The Vice Chairman is responsible for many of the Firm's operational divisions, including our sustainability functions. The Chief Sustainability Officer reports to the Vice Chairman and oversees the Firm's efforts to promote global sustainability through capital markets by leading the Global Sustainable Finance ("GSF") group, alongside the Head of GSF. GSF is the internal function responsible for implementing the Firm's overall sustainability strategy, including climate change. Through the Firm's businesses, GSF helps shape innovative financial solutions and advisory services that aim to create positive long-term benefits for clients and shareholders, as well as for the environment and global communities. GSF is also the engine behind the Morgan Stanley Institute for Sustainable Investing, which is dedicated to accelerating the adoption of sustainable investing strategies. Through the Institute, we regularly engage with industry and sustainability issue experts to monitor climate-related issues and encourage innovative approaches for solving climate change and other sustainability challenges. This input from the market feeds into our assessment of climate-related risks and opportunities. In addition, GSF focuses on the integration of sustainability into the Firm's operations, disclosure to investors, and reporting to and engagement with stakeholders. The Head of Corporate Services (CS) also reports to the Vice Chairman and is responsible for global amenities, corporate travel and corporate real estate management, among other items related to our operations. CS leads a wide range of initiatives to reduce the environmental footprint of our facilities, while also improving working environments. In particular, Property Services leads the Firm's global energy conservation and reduction efforts in service of Morgan Stanley's emissions targets.

Transactions escalated by the Environmental and Social Risk Management (ESRM) group are reviewed by Morgan Stanley's Global or Regional Franchise Committees consisting of senior officers from the business and control functions. Franchise risk relates to the perception of Morgan Stanley by external parties, including our shareholders, clients, regulators and the public. Potential triggers for review by the Franchise Committee include environmental, human rights and other ESG issues. Being mindful of, and responsive to, environmental (including climate change-related) risk and opportunity is a priority for Morgan Stanley. Morgan Stanley recognizes that climate change poses significant risks to the global economy, and our processes aim to address risks from climate change within our business. We have strong controls and rigorous processes in place to address transactions that could expose Morgan Stanley to direct or indirect risks related to environmental issues, including climate change.

Morgan Stanley has several Firmwide sustainability councils. The Global Sustainability Bond Leadership Council engages across products and regions to advance green and sustainable bond origination and execution globally, including those that fund climate solutions. The Sustainability Bond Council guides Firm strategy for client solutions, investor engagement and thought leadership in this rapidly changing market. The Investment Management Sustainable Investing Council promotes an overall framework for integrating ESG into investment processes in the Investment Management business, product development, measurement, education, client engagement and reporting.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

Yes

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues.

Who is entitled to benefit from these incentives?

Other C-Suite Officer

Types of incentives

Monetary reward

Activity incentivized

Other, please specify (Sustainability integration)

Comment

The Vice Chairman's performance is linked to the Firm's sustainability performance. The Vice Chairman oversees the Global Sustainable Finance (GSF) and Corporate Services (CS) groups and their respective performance in relation to the Firm's sustainability and sustainable investing efforts. The Vice Chairman is evaluated against these responsibilities in annual performance reviews.

Who is entitled to benefit from these incentives?

Other C-Suite Officer

Types of incentives

Monetary reward

Activity incentivized

Emissions reduction target

Comment

The Vice Chairman's responsibilities include oversight of the Global Sustainable Finance (GSF) and Corporate Services (CS) groups. As such, the Vice Chairman's compensation is associated with the Firm's sustainability performance. In 2017, Morgan Stanley committed to become carbon neutral by 2022, aiming to source 100 percent of our global operational energy needs from renewable energy. As this goal is led by the GSF and CS groups, the Vice Chairman will be evaluated against it.

Who is entitled to benefit from these incentives?

Other C-Suite Officer

Types of incentives

Monetary reward

Activity incentivized

Energy reduction target

Comment

The Vice Chairman's responsibilities include oversight of the Global Sustainable Finance (GSF) and Corporate Services (CS) groups. As such, the Vice Chairman's compensation is associated with the Firm's sustainability performance. Alongside Morgan Stanley's commitment to become carbon neutral, we are aiming to reduce energy usage by 20 percent by 2022. As this goal is led by the GSF and CS groups, the Vice Chairman will be evaluated against it.

Who is entitled to benefit from these incentives?

Chief Sustainability Officer (CSO)

Types of incentives

Monetary reward

Activity incentivized

Other, please specify (Sustainability integration)

Comment

The Chief Sustainability Officer (CSO) oversees the Firm's efforts to promote global sustainability and sustainable investing, including activities related to climate change. The Firm's efforts are focused on advancing sustainability objectives through capital markets and through the Firm's operational footprint. As such, the CSO is evaluated against these responsibilities in annual performance reviews.

Who is entitled to benefit from these incentives?

Chief Sustainability Officer (CSO)

Types of incentives

Monetary reward

Activity incentivized

Emissions reduction target

Comment

The CSO oversees the Firm's efforts to promote global sustainability and sustainable investing, including activities related to climate change. The Firm's efforts are focused on advancing sustainability objectives through capital markets and through the Firm's operational footprint. As such, the CSO's compensation is associated with the Firm's sustainability performance. In 2017, Morgan Stanley committed to become carbon neutral by 2022, aiming to source 100 percent of our global operational energy needs from renewable energy. As this goal is in part led by GSF, the CSO is evaluated against it.

Who is entitled to benefit from these incentives?

Chief Sustainability Officer (CSO)

Types of incentives

Monetary reward

Activity incentivized

Energy reduction target

Comment

The CSO oversees the Firm's efforts to promote global sustainability and sustainable investing, including activities related to climate change. The Firm's efforts are focused on advancing sustainability objectives through capital markets and through the Firm's operational footprint. As such, the CSO's compensation is associated with the Firm's sustainability performance. Alongside Morgan Stanley's commitment to become carbon neutral, we are aiming to reduce energy usage by 20 percent by 2022. As this goal is in part led by GSF, the CSO is evaluated against it.

Who is entitled to benefit from these incentives?

Business unit manager

Types of incentives

Monetary reward

Activity incentivized

Other, please specify (Sustainability integration)

Comment

The Managing Director and Co-Head of the Global Sustainable Finance (GSF) group is responsible for implementing the Firm's corporate sustainability strategy and sustainable investing strategy, working with functional areas and business units across the Firm to develop sustainable operations and sustainable financial products and solutions. In addition, GSF focuses on engagement with and disclosure to investors and other stakeholders. As such, the Co-Head is evaluated against these responsibilities in annual performance reviews.

Who is entitled to benefit from these incentives?

Business unit manager

Types of incentives

Monetary reward

Activity incentivized

Emissions reduction target

Comment

The Managing Director and Co-Head of GSF is responsible for the Firm's efforts to promote global sustainability and sustainable

investing. The Firm's efforts are focused on advancing sustainability objectives through the capital markets and through the Firm's operational footprint. As such, the MD's compensation is associated with the Firm's sustainability performance. In 2017, Morgan Stanley committed to become carbon neutral by 2022, aiming to source 100 percent of our global operational energy needs from renewable energy. As this goal is in part led by GSF, the Co-Head of GSF is evaluated against it.

Who is entitled to benefit from these incentives?

Business unit manager

Types of incentives

Monetary reward

Activity incentivized

Energy reduction target

Comment

The Managing Director and Co-Head of GSF is responsible for the Firm's efforts to promote global sustainability and sustainable investing. The Firm's efforts are focused on advancing sustainability objectives through the capital markets and through the Firm's operational footprint. As such, the MD's compensation is associated with the Firm's sustainability performance. Alongside Morgan Stanley's commitment to become carbon neutral, we are aiming to reduce energy usage by 20 percent by 2022. As this goal is in part led by GSF, the Co-Head of GSF is evaluated against it.

Who is entitled to benefit from these incentives?

Business unit manager

Types of incentives

Monetary reward

Activity incentivized

Emissions reduction target

Comment

The Global Head of Corporate Services (CS), together with a network of consultants and vendors, leads a wide range of initiatives to reduce the environmental footprint of Morgan Stanley facilities while contributing to a better working environment. CS, in consultation with GSF, reviews and sets greenhouse gas (GHG) emissions and other environment-related targets. In 2017, Morgan Stanley committed to become carbon neutral by 2022, aiming to source 100 percent of our global operational energy needs from renewable energy. As this goal is in part led by CS, the Global Head is evaluated against it.

Who is entitled to benefit from these incentives?

Business unit manager

Types of incentives

Monetary reward

Activity incentivized

Energy reduction project

Comment

The Global Head of Corporate Services (CS), together with a network of consultants and vendors, leads a wide range of initiatives to reduce the environmental footprint of Morgan Stanley facilities while contributing to a better working environment. CS, in consultation with GSF, reviews and sets GHG emissions and other environment-related targets. Alongside Morgan Stanley's commitment to become carbon neutral, we are aiming to reduce energy usage by 20 percent by 2022. As this goal is in part led by CS, the Global Head is evaluated against it.

Who is entitled to benefit from these incentives?

Facilities manager

Types of incentives

Monetary reward

Activity incentivized

Energy reduction target

Comment

The Property Services Group within Corporate Services has specific key performance indicators (KPIs) tied to the Firm's overall energy use, as well as carbon emission reduction targets and service level agreements, including improving Energy Star Scores, achieving building certifications and managing utilities budgets. Employees involved in Property Services have explicit goals related

to energy management, including reducing energy use, increasing energy efficiency/conservation, employing renewable energy, reducing emissions, and environmental stewardship. As such, members of the Property Services Group are evaluated against these responsibilities in annual performance reviews.

Who is entitled to benefit from these incentives?

Facilities manager

Types of incentives

Monetary reward

Activity incentivized

Emissions reduction target

Comment

The Property Services Group within Corporate Services has specific key performance indicators (KPIs) tied to the Firm's overall energy use, as well as carbon emission reduction targets and service level agreements, including improving Energy Star Scores, achieving building certifications and managing utilities budgets. Employees involved in Property Services have explicit goals related to energy management, including reducing energy use, increasing energy efficiency/conservation, employing renewable energy, reducing emissions, and environmental stewardship. As such, members of the Property Services Group are evaluated against these responsibilities in annual performance reviews.

Who is entitled to benefit from these incentives?

Environment/Sustainability manager

Types of incentives

Monetary reward

Activity incentivized

Other, please specify (Sustainability integration)

Comment

The Global Sustainable Finance (GSF) group is responsible for implementing the Firm's corporate sustainability strategy and sustainable investing strategy, working with functional areas and business units across the Firm to develop sustainable operations and sustainable financial products and solutions. GSF is also responsible for the Institute for Sustainable Investing, which aims to break down barriers to sustainable investing in the financial marketplace. GSF is also responsible for helping to set the Firm's operational sustainability goals in partnership with CS. In addition, GSF focuses on engagement with and disclosure to investors and other stakeholders. As such, team members are evaluated against these responsibilities in annual performance reviews.

Who is entitled to benefit from these incentives?

Environment/Sustainability manager

Types of incentives

Monetary reward

Activity incentivized

Emissions reduction target

Comment

The Global Sustainable Finance (GSF) group is responsible for implementing the Firm's sustainability strategy. In 2017, Morgan Stanley committed to become carbon neutral by 2022, aiming to source 100 percent of our global operational energy needs from renewable energy by 2022. As this goal is in part led by GSF, select team members are evaluated against it.

Who is entitled to benefit from these incentives?

Environment/Sustainability manager

Types of incentives

Monetary reward

Activity incentivized

Energy reduction target

Comment

The Global Sustainable Finance (GSF) group is responsible for implementing the Firm's sustainability strategy. Alongside Morgan Stanley's commitment to become carbon neutral, we are aiming to reduce our energy usage by 20 percent by 2022. As this goal is in part led by GSF, select team members are evaluated against it.

Who is entitled to benefit from these incentives?

Risk manager

Types of incentives

Monetary reward

Activity incentivized

Other, please specify (Manage E&S risk exposure)

Comment

The Environmental and Social Risk Management (ESRM) team sets goals specifically focused on managing environmental and social risks. ESRM is responsible for creating and managing both the policies and the execution of the Firm's environmental and social risk management approach. As such, members of the ESRM team are evaluated against these responsibilities in annual performance reviews.

C2. Risks and opportunities

C2.1

(C2.1) Describe what your organization considers to be short-, medium- and long-term horizons.

	From (years)	To (years)	Comment
Short-term	1	5	
Medium-term	5	10	
Long-term	10	50	We do not have an upper bound on our long-term horizon.

C2.2

(C2.2) Select the option that best describes how your organization's processes for identifying, assessing, and managing climate-related issues are integrated into your overall risk management.

Integrated into multi-disciplinary company-wide risk identification, assessment, and management processes

C2.2a

(C2.2a) Select the options that best describe your organization's frequency and time horizon for identifying and assessing climate-related risks.

	Frequency of monitoring	How far into the future are risks considered?	Comment
Row 1	Six-monthly or more frequently	>6 years	Broadly, at the Firm level, the Global Sustainable Finance (GSF) group and the Institute for Sustainable Investing monitor emerging climate risks on an ongoing, as-needed basis. However, GSF is not the only function that assesses climate-related risks. The Environmental and Social Risk Management (ESRM) group leads risk assessment at the transaction level, and business units may assess materiality of climate change as appropriate for their activities, and evaluate ESG risks through client and investment-related due diligence. Corporate Services and Business Continuity Management assess physical risks and other disruptions to the business.

C2.2b

(C2.2b) Provide further details on your organization's process(es) for identifying and assessing climate-related risks.

The Firm takes an integrated approach to risk identification, assessment, and management. Broadly, the Global Sustainable Finance group, and the Institute for Sustainable Investing monitor emerging climate risks. The advisory board of the Morgan Stanley Institute for Sustainable Investing is chaired by our CEO, and helps to ensure that our sustainability strategy, including as it relates to climate change, is comprehensive, rigorous and innovative. Certain members of the advisory board bring particular climate change expertise, so their insights help the Firm identify emerging risks. Also, through the Institute, we regularly engage with industry and sustainability issue experts in an effort to encourage innovative approaches to solving sustainability challenges, including climate change. We consider the Institute's findings in our own practices.

At the transaction level, being mindful of, and responsive to, environmental risk and opportunity—including climate change—is a priority for Morgan Stanley. We have strong controls and rigorous processes in place to review and address transactions that could expose the Firm to direct or indirect risks related to environmental issues, including climate change. Transactions that may pose environmental and social risk are reviewed by the Environmental and Social Risk Management (ESRM) group, which provides guidance on the potential material risk exposure to the Firm. Certain transactions meeting designated criteria are escalated to our Regional or Global Franchise committees for senior leadership review and approval.

With respect to the Firm's facilities and operations, evaluation of climate change-related physical risks that could affect Morgan Stanley directly through our own operations is led by Corporate Services and Business Continuity Planning teams. Systematic reviews assess potential risks to the business from natural disasters, which inform our real estate strategy, disaster recovery and business continuity management processes. Our Business Continuity team puts the safety of employees first in the face of major incidents, but we also consider real estate and technology threats, and regulatory requirements.

C2.2c

(C2.2c) Which of the following risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Relevant regulations are considered in all transactions and investments.
Emerging regulation	Relevant, always included	In transactions or investments in which emerging regulation is material, business units consider it in their analysis.
Technology	Relevant, always included	In transactions or investments in which technology is material, business units consider it in their analysis.
Legal	Relevant, always included	In transactions or investments in which legal risk is material, business units consider it in their analysis.
Market	Relevant, always included	In transactions or investments in which market risk is material, business units consider it in their analysis.
Reputation	Relevant, always included	Led by the Firm's Environmental and Social Risk Management (ESRM) group, environmental and social considerations—including climate change—are factored into our risk evaluations of transactions and other activities across the Firm. In 2017, ESRM activities were transferred from the Operational Risk Division to the Global Conflicts Office, which oversees the franchise risk management process for the Firm. This change aims to enhance the integration of ESRM across the Firm and into the franchise risk management process. Franchise risk relates to the perception of Morgan Stanley by external parties, including our shareholders, clients, regulators and the public. Potential franchise risk triggers include environmental, human rights and other social issues, client integrity, money laundering, economic sanctions and corruption.
Acute physical	Relevant, always included	Ensuring business continuity and resiliency in the face of events affecting our worldwide operations is a priority at Morgan Stanley. Our business continuity and resiliency programs are designed to provide a suite of controls, to help the Firm maintain business operations while responding and recovering from events. These programs are supported by teams across the Firm, including Business Continuity Management (BCM) and Corporate Services. For example, anticipating Superstorm Sandy in 2012, BCM reviewed business units' plans to ensure that we could monitor employees' safety and work/respond to client needs. We positioned staff in hotels before the storm and directed them to alternative offices when safe to travel. Client business was rerouted from closed offices to call centers. More than 20,000 employees worked remotely, while 4,000 displaced employees used temporary office space. The Firm temporarily lost the use of two ancillary facilities, but operated in business-as-usual mode throughout the event.
Chronic physical	Relevant, always included	Ensuring business continuity and resiliency in the face of physical risks affecting our worldwide operations is a priority at Morgan Stanley. Our business continuity and resiliency programs are designed to provide a suite of controls, to help the Firm maintain business operations while responding and recovering from events. These programs are supported by teams across the Firm, including Business Continuity Management (BCM) and Corporate Services.
Upstream	Relevant, always included	In transactions or investments in which upstream risks are relevant, business units consider them in their analysis.
Downstream	Relevant, always included	In transactions or investments in which downstream risks are relevant, business units consider them in their analysis.

C2.2d

(C2.2d) Describe your process(es) for managing climate-related risks and opportunities.

Through the Firm's businesses, the Global Sustainable Finance (GSF) group helps shape innovative financial solutions and advisory services that aim to create positive long-term benefits for clients and shareholders, as well as for the environment and global communities. Business units may assess materiality of climate change as appropriate, and evaluate ESG risks through due diligence, which the GSF and Environmental and Social Risk Management (ESRM) groups assist with as needed. Examples of climate-related management processes within our businesses that help clients and the Firm address direct or indirect transition risks and opportunities include:

- The Sustainability research team provides insights into risks and opportunities related to ESG issues that can impact investment performance, including those related to climate change.
- The Global Sustainability Bond Leadership Council engages across products and regions to advance green and sustainable bond origination and execution globally, including those that fund climate solutions. The Sustainability Bond Council guides Firm strategy for client solutions, investor engagement and thought leadership in this rapidly changing market.
- The Morgan Stanley Investing with Impact Platform (IIP) provides investment strategies across asset classes that aim to generate market-rate returns for our clients, and meet the criteria of our Investing with Impact Framework. Many IIP products help drive capital to climate-related solutions. We also developed a Climate Change and Fossil Fuel Aware Investing Tool Kit for Morgan Stanley Financial Advisors to use with clients to develop a tailored investment approach to incorporate climate change and fossil fuel awareness into their portfolios.
- The Investment Management Sustainable Investing Council promotes an overall framework for integrating ESG into investment processes in the Investment Management business, product development, measurement, education, client engagement and reporting.
- Investment Management also has a team dedicated to global proxy voting and engagement. The team conducts research, collaborates with portfolio managers and provides voting recommendations on all company proxies. In 2017, Investment Management voted in favor of nonroutine shareholder proposals on climate change 65 percent of the time, and engaged 107 companies on ESG issues, including climate change.

Across the Firm, transactions that may pose environmental and social risks, including climate change risk, are reviewed by the ESRM group on an ongoing basis. Management of these risks is governed by our policies, procedures and statements on human rights and the environment, including the Global Environmental and Social Risk Policy, Environmental Policy Statement, and Global Franchise Risk Policy. Specifically, to counter climate risk and contribute to the transition to a low-carbon economy, Morgan Stanley has reduced our exposure to coal mining globally. Following our Coal and Oil & Gas Policy Statements, we will not provide financing where proceeds would be used for mountaintop removal mining (MTR), nor will we finance companies that rely on MTR for more than a limited portion of annual coal production. Our Coal and Oil & Gas Policy Statements disclose how we conduct enhanced due diligence when considering transactions involving companies engaged in oil sands, Arctic oil, ultra-deep water oil, or liquefied natural gas export-related activities. Our approach uses the World Bank's IFC standards as a framework, and considers potential impacts of transactions on energy consumption, fresh water, biodiversity and the environment, local communities and indigenous peoples.

To manage physical risks and opportunities, Morgan Stanley is committed to reducing our GHG emissions through strategic energy efficiency in our buildings and adding new renewable energy capacity to the grid from on-site power generation. In 2017, we committed to become carbon neutral by 2022, with an aim to source 100 percent of our global operational electricity needs from renewable sources, and to offset any remaining emissions. As part of this commitment, we aim to achieve a 20 percent reduction in energy usage by 2022 from a 2012 baseline. To achieve carbon neutrality, we seek to develop on-site power generation, secure power purchase agreements, purchase renewable energy credits and pursue carbon offsets, as appropriate. Additionally, we use data collection and analysis, as well as measurement against our own goals and standards to prioritize opportunities related to our facilities. Internal standards for construction and renovation projects require green technologies and equipment, cost evaluation and ability to improve workplaces for employees. External standards used include LEED and BREEAM. A continuous commissioning program monitors numerous data points to optimize energy efficiency and identify opportunities for improvements in our buildings and data centers.

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

No

C2.3b

(C2.3b) Why do you not consider your organization to be exposed to climate-related risks with the potential to have a substantive financial or strategic impact on your business?

	Primary reason	Please explain
Row 1	Evaluation in process	We are working to more clearly define substantive or strategic climate-related risk in the context of our businesses in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). For example, we are working to explore scenario analyses and develop approaches to methodologies for assessing the transition risks associated with climate change. This is a complex undertaking, for which the tools and processes are evolving, and we will use this effort to build our capacity in the management of climate-related risks. More broadly, we are engaging across the Firm to establish appropriate strategy, governance, risk management and disclosure. We expect our efforts relative to the TCFD's recommendations to evolve over time, and as always, we are committed to providing our clients and investors with useful, relevant and material information in this increasingly important area.

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?

Customer

Opportunity type

Products and services

Primary climate-related opportunity driver

Shift in consumer preferences

Type of financial impact driver

Better competitive position to reflect shifting consumer preferences, resulting in increased revenues

Company- specific description

Morgan Stanley's Wealth Management business connects our clients with opportunities to integrate their priorities and values into their investment portfolios. A Morgan Stanley survey which polled 1,000 active individual investors in 2017 to understand perceptions, interest and trends in sustainable investing found that 82 percent of millennials surveyed expressed interest in climate change-related investments, and 75 percent agree that their investment decisions can have a positive impact on climate change.

We are well-placed to respond to this increasing individual investor interest in climate change-focused investments.

Time horizon

Please select

Likelihood

Please select

Magnitude of impact

Please select

Potential financial impact**Explanation of financial impact**

As of December 2017, \$7.5 billion assets were invested with Morgan Stanley's Investing with Impact platform, making progress toward our goal of \$10 billion by the end of 2018. We expect the assets under management to rise as investors increasingly demand sustainable investing products.

Strategy to realize opportunity

Morgan Stanley developed the Climate Change and Fossil Fuel Aware Investing Tool Kit, which is designed as a road map for Morgan Stanley Financial Advisors to use with individual and institutional clients to develop a tailored investment approach to incorporate climate change and fossil fuel awareness into their portfolios based on their unique objectives. Morgan Stanley offers more than 140 sustainable investing products for retail investors through its Investing with Impact Platform. To address the growing demand for sustainable and impact investments, we are also equipping our Financial Advisors with tools to help their clients meet specific objectives. In 2017, we hosted internal events for Financial Advisors and launched an Investing with Impact course available to all Financial Advisors through Elevate, our e-learning platform. The course covers the fundamentals of sustainable and impact investing as well as more advanced topics, such as how to engage with clients and prospects around this investment opportunity. In addition, we offer tools and resources, including a customizable seminar, for specific sustainable investment themes such as climate change to support Financial Advisor engagement with relevant clients.

Cost to realize opportunity**Comment****Identifier**

Opp2

Where in the value chain does the opportunity occur?

Customer

Opportunity type

Products and services

Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

Type of financial impact driver

Increased revenue through demand for lower emissions products and services

Company- specific description

Recent research from Morgan Stanley finds that sustainable bonds, led by green bonds targeting environmental impact, have more than tripled since 2015. Industry-wide, green bond issuances stood at just \$500 million in 2008, nearly doubled between 2015 and 2016, and grew nearly 68 percent in 2017. Morgan Stanley continues to be a global leader in this emerging market, which supports the transition to a low-carbon economy.

Time horizon

Please select

Likelihood

Please select

Magnitude of impact

Please select

Potential financial impact**Explanation of financial impact****Strategy to realize opportunity**

Given our growing expertise and capacity in this area, Morgan Stanley is well-equipped to meet increased investor demand for green bond products. In 2017, we led green and social sustainability bond transactions including private placements and municipality deals worth \$20.7 billion, bringing the total to approximately \$48.1 billion since 2013. To expand our efforts, and enhance our leadership position, Morgan Stanley formed a Global Sustainability Bond Leadership Council in 2017. Senior representatives firmwide engage across products and regions to advance green and sustainable bond origination and execution globally.

Cost to realize opportunity

Comment

Identifier

Opp3

Where in the value chain does the opportunity occur?

Customer

Opportunity type

Products and services

Primary climate-related opportunity driver

Development of new products or services through R&D and innovation

Type of financial impact driver

Increased revenue through demand for lower emissions products and services

Company- specific description

Morgan Stanley's Investment Management business recognizes that ESG factors, including climate change, are increasingly high profile and can affect the long-term performance of investments.

Time horizon

Please select

Likelihood

Please select

Magnitude of impact

Please select

Potential financial impact

Explanation of financial impact

Strategy to realize opportunity

In 2017, Investment Management advanced how we embed ESG factors, including climate change, into investment processes worldwide. We launched the Sustainable Investing Council, a global, cross-functional team of leaders responsible for promoting a framework for integrating ESG into investment processes, product development, measurement, education, client engagement and reporting. We see proxy voting and engagement as integral parts of our investment process, which help us guide portfolio companies toward responsible and ethical management practices. In 2017, we voted in favor of nonroutine shareholder proposals on climate change 65 percent of the time, and engaged 107 companies on ESG issues, including climate change. Our investment teams are also increasingly integrating ESG analysis into their investment decisions. For example, Morgan Stanley Real Estate Investing's U.S. core real estate investing platform monitors resources consumed by its real estate assets as a means to increase efficiency and reduce its carbon footprint. All office, retail malls and apartment assets within the core platform track information on energy, water and waste usage and green certifications. Through 2017, 73 percent of the platform's office portfolio was LEED certified, and 94 percent was eligible for Energy Star certification. This is just one example of many Morgan Stanley Investment Management funds considering ESG in investment analysis. For more examples, see our 2017 Sustainability Report.

Cost to realize opportunity

Comment

Identifier

Opp4

Where in the value chain does the opportunity occur?

Customer

Opportunity type

Markets

Primary climate-related opportunity driver

Access to new markets

Type of financial impact driver

Increased revenues through access to new and emerging markets (e.g., partnerships with governments, development banks)

Company- specific description

2016 research from the Global Sustainable Investing Alliances finds that from 2014 to 2016, the sustainable investment market

grew by 25 percent globally and 912 percent in Asia. Morgan Stanley is partnering with clients across the globe on sustainable investing products and services and will continue to enter new markets as opportunities arise.

Time horizon

Please select

Likelihood

Please select

Magnitude of impact

Please select

Potential financial impact

Explanation of financial impact

Strategy to realize opportunity

Through our Institutional Securities, Wealth Management and Investment Management business segments, in partnership with our Global Sustainable Finance Group, we offer scale-able financial solutions and advisory services that seek to deliver competitive financial returns while driving positive environmental and social impact. As we grow our capacity with respect to ESG capabilities across the business units, and continue to develop sustainable products and solutions, we are well-placed to respond to demand for sustainable investing products in new markets. Within our Institutional Securities Group, we helped Starbucks raise ¥85 billion in 2017 for a sustainability bond in the Asian market. In the past few years, we have led or supported green bond issuances for a number of clients in Asia including the Asian Development Bank, the Development Bank of Japan, Mitsubishi UFJ Financial Group and Toyota.

Cost to realize opportunity

Comment

Identifier

Opp5

Where in the value chain does the opportunity occur?

Customer

Opportunity type

Markets

Primary climate-related opportunity driver

Use of public-sector incentives

Type of financial impact driver

Increased revenues through access to new and emerging markets (e.g., partnerships with governments, development banks)

Company- specific description

Even though the United States withdrew from the Paris Climate Accord, U.S. businesses and municipalities have come together as a driving force for climate action. As such, there are significant financing opportunities in assisting firms, governments and municipalities in the U.S. to adapt to physical climate changes.

Time horizon

Please select

Likelihood

Please select

Magnitude of impact

Please select

Potential financial impact

Explanation of financial impact

Strategy to realize opportunity

In 2017, Morgan Stanley Public Finance underwrote 364 municipal issues totaling more than \$32 billion in par value, which funded infrastructure projects ranging from mass transit to wastewater systems. During the year, we also served as senior manager for 15 green and sustainability bonds for tax-exempt eligible issuers totaling more than \$2 billion in par value. These transactions helped finance construction of a hospital in Massachusetts, a waste-to-fuel plant in Nevada, and water and wastewater infrastructure in California, among other projects nationwide. Additionally, we use our strength as an investment bank to devise innovative financial instruments that support our community partners to achieve their goals, including those related to climate resiliency. Since 2010,

we have committed \$15.5 billion in community development loans and investments, funding more than 81K affordable housing units and helping to create or retain 93,000 jobs. The majority of our affordable housing projects help improve building resiliency by using environmentally friendly technologies in construction. For example, in 2017, Morgan Stanley participated in the financing for the rehabilitation of a severely distressed public housing complex in NYC which suffered extensive damage as a result of Superstorm Sandy. Improvements, including flood resiliency measures, will be made to the residential buildings as well as to the land and structures adjacent.

Cost to realize opportunity

Comment

Identifier

Opp6

Where in the value chain does the opportunity occur?

Customer

Opportunity type

Products and services

Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

Type of financial impact driver

Increased revenue through demand for lower emissions products and services

Company- specific description

Investor interest in environmental and social solutions continues to rise, enabling our efforts to scale capital for low-carbon ventures. Building on our experience in the space, our Firm's businesses are uniquely positioned to drive the development of low-carbon solutions in partnership with our clients. As companies, governments and institutions transition to a low-carbon economy, Morgan Stanley views low-carbon financing as a win-win for business and the environment.

Time horizon

Please select

Likelihood

Please select

Magnitude of impact

Please select

Potential financial impact

Explanation of financial impact

Strategy to realize opportunity

Morgan Stanley continues to build on its track record of delivering finance to drive a global shift to a low-carbon economy by raising capital for clean technology companies as well as those that reduce or improve natural resource consumption. In 2017, we helped to advise, raise and mobilize \$16.8 billion in capital to support clean tech and renewable energy businesses, bringing the total to more than \$101 billion since 2006. Morgan Stanley Capital Group Inc. (MSCGI) also helps advance wind farms and solar installations across the U.S. by providing off-take agreements and hedging products to projects. This provides stable cash flows for developers, allowing them to complete the financing and construction process. In 2017, MSCGI provided long-term hedging transactions to over 1 GW of renewable projects.

Cost to realize opportunity

Comment

Identifier

Opp7

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Energy source

Primary climate-related opportunity driver

Use of lower-emission sources of energy

Type of financial impact driver

Reduced exposure to GHG emissions and therefore less sensitivity to changes in cost of carbon

Company- specific description

We have a long-standing commitment to reducing energy consumption, improving energy efficiency and procuring renewable energy. Building on this commitment, we set a goal in 2017 of achieving carbon neutrality for global operations by 2022.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Please select

Potential financial impact**Explanation of financial impact****Strategy to realize opportunity**

To achieve our carbon neutrality goal, Morgan Stanley will source 100 percent of its global energy needs from renewable energy. In line with this commitment, Morgan Stanley joined RE100, an initiative led by the Climate Group and CDP uniting more than 100 companies committed to working to increase demand for—and delivery of—renewable energy. Already, our on-site solar and fuel cell installations generate more than 9 million kWh of clean electricity annually, and an installation of a 1,800 kW solar array is slated to be completed at a Morgan Stanley data center in Somerset, New Jersey in 2018. We have also been awarded LEED Gold for Existing Buildings at our global headquarters in Times Square. Our internal standards for all new construction and renovation projects require greener technologies and equipment, including high-efficiency lighting, office equipment and bathroom fixtures, recycled and/or local materials with low volatile organic compound emissions and lighting control systems such as occupancy sensors. In addition to the environmental benefits, these projects reduce costs and create improved workplaces for employees. We operate a continuous commissioning program, monitoring numerous data points to optimize our energy efficiency. Analyzing the data also identifies opportunities for further improvements.

Cost to realize opportunity**Comment**

C2.5

(C2.5) Describe where and how the identified risks and opportunities have impacted your business.

	Impact	Description
Products and services	Impacted	Climate-related opportunities such as shifts in consumer preferences to sustainable investments has impacted our products and services in the following ways: Within Institutional Securities, we helped to advise, raise and mobilize over \$101 billion in capital towards clean tech and renewable energy businesses since 2006. We have also been at the forefront of green and social sustainability bond innovation, leading transactions worth \$48.1 billion since 2013. Within Wealth Management, the Morgan Stanley Climate Change and Fossil Fuel Aware Investing Tool Kit is a road map for Morgan Stanley Financial Advisors to use with individual and institutional clients to develop a tailored investment approach, to incorporate climate change and fossil fuel awareness into their portfolios based on their unique objectives. Within Investment Management, the Morgan Stanley Investment Management Sustainable Investing Council is promoting an overall framework for integrating ESG into our investment processes, product development, measurement, education, client engagement and reporting. Additionally, Investment Management has team dedicated to proxy voting, engagement and ESG initiatives across client portfolios. In 2017, the team voted in favor of nonroutine shareholder proposals on climate change 65 percent of the time and engaged 107 companies on ESG issues, including climate change.
Supply chain and/or value chain	Impacted	Morgan Stanley aspires to develop effective relationships with contractors and suppliers, to encourage their environmental awareness and to promote support for Morgan Stanley's environmental objectives (e.g., environmental purchasing policies, assessing vendor compliance with accepted environmental standards).
Adaptation and mitigation activities	Impacted	Climate-related opportunities such as use of lower-emission sources of energy have impacted our adaptation and mitigation activities. In 2017, Morgan Stanley committed to become carbon neutral by 2022, with an aim to source 100 percent of our global operational electricity needs from renewable sources and to offset any remaining emissions. As part of this commitment, we have updated our energy reduction targets. Morgan Stanley aims to achieve a 20 percent reduction in energy usage by 2022 from a 2012 baseline, on an absolute basis. The goal to become carbon neutral covers Scope 1 and 2 emissions and Scope 3 business travel, as defined by the GHG Protocol. To achieve carbon neutrality, we seek to develop on-site power generation, secure power purchase agreements, purchase renewable energy credits and pursue carbon offsets, as appropriate.
Investment in R&D	Impacted	We have two distinct teams within the Firm dedicated to research on sustainability topics, which help us monitor and understand existing and emerging climate-related risks. The Morgan Stanley Institute for Sustainable Investing is dedicated to accelerating the adoption of sustainable investing strategies, which seek to deliver both competitive financial returns and positive environmental and social impact. The Institute develops insightful analysis to inform and empower investors. Climate change is one of two thematic areas on which the Institute focuses its thought leadership. The Sustainability Research team provides insights into risks and opportunities related to ESG issues that can impact investment performance, including those related to climate change. In 2017, the Sustainability research applied a proprietary ESG Integration Framework to identify risks and opportunities in more than 1,000 stocks. In addition, to serve our clients' evolving needs, the Sustainability research team publishes reports to advance ESG integration and thematic investing.
Operations	Impacted	Climate-related opportunities such as use of lower-emission sources of energy have impacted our operations. In 2017, Morgan Stanley committed to become carbon neutral by 2022, with an aim to source 100 percent of our global operational electricity needs from renewable sources and to offset any remaining emissions. In addition, we aim to reduce energy usage by 20 percent by 2022, from a 2012 baseline. Already, our on-site solar and fuel cell installations generate more than 9 million kWh of clean electricity annually. Since 2006, we have reduced our office greenhouse gas emissions per square foot by 36 percent.
Other, please specify	Please select	

C2.6

(C2.6) Describe where and how the identified risks and opportunities have factored into your financial planning process.

	Relevance	Description
Revenues	Impacted	Our sustainable products and solutions generate revenue for the Firm. The Global Sustainable Finance (GSF) group works with the Firm's business segments to shape innovative financial solutions and advisory services that aim to create positive long-term benefits for clients and shareholders, as well as for the environment and global communities, including financing the transition to a low-carbon economy. As we work to drive demand for climate-related products among our client base and in the market more broadly, we will continue to find revenue-generating opportunities for the Firm, while supporting the transition to a low-carbon economy.
Operating costs	Impacted	Climate-related opportunities related to energy efficiency have affected our operating cost. Morgan Stanley actively pursues projects that will reduce our energy use and associated greenhouse gas emissions. Since 2012, we have reduced our global energy expenses by \$12.36M (16%).
Capital expenditures / capital allocation	Impacted for some suppliers, facilities, or product lines	Climate-related opportunities related to energy efficiency have affected our capital expenditures. At our own properties we use data collection and analysis, and measurement against our own goals and standards, to prioritize opportunities related to our facilities. Internal standards for construction and renovation projects require green technologies and equipment, cost evaluation and ability to improve workplaces for employees. External standards used include LEED and BREEAM. A continuous commissioning program monitors numerous data points to optimize energy efficiency and identify opportunities for further improvements in our buildings and data centers.
Acquisitions and divestments	Not impacted	There were no acquisitions in 2017.
Access to capital	Impacted for some suppliers, facilities, or product lines	Investor interest in environmental and social solutions continues to rise, enabling our efforts to scale capital for low-carbon products and solutions.
Assets	Impacted	Climate-related opportunities such as use of lower-emission sources of energy have influenced operational decisions related to our assets. To achieve our carbon neutrality goal, we are considering on-site power generation, power purchase agreements, renewable energy credits and carbon offsets. We have several projects planned already, including an installation of a 1,800 kW solar array that is slated to be completed at a Morgan Stanley data center in Somerset, New Jersey, in 2018.
Liabilities	Not evaluated	
Other	Please select	

C3. Business Strategy

C3.1

(C3.1) Are climate-related issues integrated into your business strategy?

Yes

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform your business strategy?

No, but we anticipate doing so in the next two years

C3.1c

(C3.1c) Explain how climate-related issues are integrated into your business objectives and strategy.

Morgan Stanley endeavors to advance sustainability by considering ESG throughout the Firm, with climate change becoming an increasingly important thematic area. There are several teams across the Firm who focus on sustainability, including dedicated resources within each of the business units. Within our business segments, we also have cross-functional (internal and external) committees, including the Global Sustainability Bond Leadership Council, the Investment Management Sustainable Investing Council, and the Morgan Stanley Institute for Sustainable Investing Advisory Board that help us identify opportunities for developing products and solutions with environmental and social benefits, including those related to climate change.

This strategy of partnering across the Firm through our Institutional Securities, Wealth Management and Investment Management business segments, in partnership with our Global Sustainable Finance group, has enabled Morgan Stanley to develop a number of climate-related financial solutions and advisory services that seek to deliver competitive financial returns, while driving positive impact. Examples of products and services that directly or indirectly help the Firm and our clients address transition risks related to climate-change are provided below:

Institutional Securities:

- Morgan Stanley Capital Group Inc. (MSCGI) helps advance wind farms and solar installations across the U.S. by providing offtake agreements and hedging products to projects. This provides stable cash flows for developers, allowing them to complete the financing and construction process. In 2017, MSCGI provided long-term hedging transactions to over 1 GW of renewable projects.
- Recognizing clean technology as a key business opportunity, we help to advise, raise and mobilize capital towards clean tech and renewable energy businesses, including \$16.8 billion in 2017, bringing the total to over \$101 billion since 2006. We have also been at the forefront of green and social sustainability bond innovation, leading transactions worth \$48.1 billion since 2013.

Wealth Management:

- The Morgan Stanley Investing with Impact Platform (IIP) provides investment strategies across asset classes that aim to generate market-rate returns for our clients, and meet the criteria of our Investing with Impact Framework. The IIP gives investors access to more than 140 equity and fixed income products with a mix of mutual funds, exchange-traded funds, separately managed accounts and alternative investment opportunities. Assets invested with IIP at the end of 2017 totaled \$7.5 billion, making progress toward our goal of \$10 billion by the end of 2018.

Investment Management:

- Proxy voting and engagement is an integral part of our investment management process, which helps us guide portfolio companies toward responsible and ethical management practices. Investment Management has a team dedicated to global proxy voting and engagement on ESG issues. The team conducts research, collaborates with portfolio managers and provides voting recommendations on all company proxies. In 2017, Investment Management voted in favor of nonroutine shareholder proposals on climate change 65 percent of the time and engaged 107 companies on ESG issues, including climate change.

In terms of our own operations, we have committed to achieving carbon neutrality for global operations by 2022, in part as a response to the physical risks of climate change. We are considering on-site power generation, power purchase agreements, renewable energy credits and carbon offsets to meet this goal. As part of this commitment, we aim to achieve a 20 percent reduction in energy usage by 2022 from a 2012 baseline, on an absolute basis. To achieve carbon neutrality, we seek to develop on-site power generation, secure power purchase agreements, purchase renewable energy credits and pursue carbon offsets, as appropriate.

C3.1g

(C3.1g) Why does your organization not use climate-related scenario analysis to inform your business strategy?

We are working to explore scenario analyses and develop approaches to methodologies for assessing the transition risks associated with climate change. This is a complex undertaking, for which the tools and processes are evolving, and we will use this effort to build our capacity in the management of climate-related risks.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Both absolute and intensity targets

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number

Abs 1

Scope

Other, please specify (S1+2 (market-based)+3 (Business Travel))

% emissions in Scope

100

% reduction from base year

100

Base year

2012

Start year

2017

Base year emissions covered by target (metric tons CO2e)

465350

Target year

2022

Is this a science-based target?

No, but we are reporting another target that is science-based

% achieved (emissions)

32

Target status

Underway

Please explain

In September 2017, Morgan Stanley committed to become carbon neutral by 2022. The goal (Abs1) covers 100 percent of global Scope 1, Scope 2 market-based, and Scope 3 business travel emissions. Morgan Stanley recognizes this target is not eligible for CDP consideration because it will involve the purchase of carbon offsets, but we are reporting it here to communicate the goal publicly and to our investors. Our additional absolute targets (Abs2 and Abs3) reported below do not involve carbon offsets and will help us achieve our broader goal of carbon neutrality.

Target reference number

Abs 2

Scope

Scope 1 +2 (market-based)

% emissions in Scope

100

% reduction from base year

90

Base year

2012

Start year

2017

Base year emissions covered by target (metric tons CO2e)

357990

Target year

2022

Is this a science-based target?

Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science-Based Targets initiative

% achieved (emissions)

47

Target status

Underway

Please explain

Abs2 results from two public targets associated with our commitment to achieve carbon neutrality for global operations by 2022. These public targets are (1) our commitment to source 100 percent of global electricity needs from renewable electricity by 2022 (See "Renewable Energy Consumption" in C4.2) and (2) our aim to achieve 20 percent reduction in energy usage by 2022 from a 2012 baseline, on an absolute basis (See "Energy Usage" in C4.2). Translated into carbon terms, these commitments cover 100 percent of our Scope 1 + 2 (market-based) emissions, and they will result in an absolute reduction of more than 90% from our base year 2012 emissions. We consider this a science-based target because it exceeds the 2.1% year-on-year emissions reductions required by CDP as well as the high-end projection of 72% absolute emissions reduction by 2050 from 2010 levels required to stay under 2 degrees Celsius outlined in IPCC Fifth Assessment Report RCP2.6.

Target reference number

Abs 3

Scope

Scope 1 +2 (market-based)

% emissions in Scope

100

% reduction from base year

90

Base year

2012

Start year

2017

Base year emissions covered by target (metric tons CO2e)

357990

Target year

2033

Is this a science-based target?

Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science-Based Targets initiative

% achieved (emissions)

Target status

Underway

Please explain

Abs3 results from two public targets associated with our commitment to achieve carbon neutrality for global operations by 2022. These public targets are (1) our commitment to source 100 percent of global electricity needs from renewable electricity by 2022 (See "Renewable Energy Consumption" in C4.2) and (2) our aim to achieve 20 percent reduction in energy usage by 2022 from a 2012 baseline, on an absolute basis (See "Energy Usage" in C4.2). Translated into carbon terms, these commitments cover 100 percent of our Scope 1 + 2 (market-based) emissions, and they will result in an absolute reduction of more than 90% from our base year 2012 emissions. We consider this a science-based target because it exceeds the 2.1% year-on-year emissions reductions required by CDP as well as the high-end projection of 72% absolute emissions reduction by 2050 from 2010 levels required to stay under 2 degrees Celsius outlined in IPCC Fifth Assessment Report RCP2.6. We are committed to this target over the medium-term (Abs2) and long-term (Abs3).

C4.1b

(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).

Target reference number

Int 1

Scope

Other, please specify (S1+2 (market) offices only)

% emissions in Scope

60

% reduction from baseline year

15

Metric

Metric tons CO2e per square foot*

Base year

2012

Start year

2012

Normalized baseline year emissions covered by target (metric tons CO2e)

0.01068

Target year

2017

Is this a science-based target?

No, but we are reporting another target that is science-based

% achieved (emissions)

100

Target status

Underway

Please explain

Morgan Stanley set a goal to reduce global office building GHG emissions per square foot by 15% between 2012 and 2017. We are pleased to have achieved our reduction goal a year early, and look forward continuing our success in reducing office emissions. Due to the variable size of our work force, Morgan Stanley's real estate portfolio fluctuates from year to year. For this reason, we feel that a square footage basis is the best way to measure our carbon reduction goals for our office space.

% change anticipated in absolute Scope 1+2 emissions

8

% change anticipated in absolute Scope 3 emissions

0

C4.2

(C4.2) Provide details of other key climate-related targets not already reported in question C4.1/a/b.

Target

Renewable energy consumption

KPI – Metric numerator

% renewable electricity consumption

KPI – Metric denominator (intensity targets only)

N/A

Base year

2012

Start year

2017

Target year

2022

KPI in baseline year

0

KPI in target year

100

% achieved in reporting year

17

Target Status

Underway

Please explain

In September 2017, Morgan Stanley committed to become carbon neutral by 2022. As part of this goal, Morgan Stanley will source 100 percent of its global electricity needs from renewable energy. With the Firm's commitment to procure 100 percent renewable electricity, Morgan Stanley is joining RE100, an initiative led by the Climate Group and CDP uniting more than 100 companies committed to working to increase demand for – and delivery of – renewable energy. This target covers 100% of global operations and is the primary mechanism behind our absolute carbon goals (Abs2 and Abs3).

Part of emissions target

Abs2, Abs3

Is this target part of an overarching initiative?

RE100

Target

Energy usage

KPI – Metric numerator

Energy consumption (MWh)

KPI – Metric denominator (intensity targets only)

N/A

Base year

2012

Start year

2017

Target year

2022

KPI in baseline year

873570

KPI in target year

698860

% achieved in reporting year

100

Target Status

Underway

Please explain

In September 2017, Morgan Stanley committed to become carbon neutral by 2022. As part of this commitment, the Firm has updated its energy reduction targets and will continue to report on them annually. Morgan Stanley aims to achieve a 20 percent reduction in energy usage by 2022 from a 2012 baseline, on an absolute basis. This target covers 100% of global operations and will help us to achieve our absolute carbon goals (Abs2 and Abs3).

Part of emissions target

Abs2, Abs3

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of projects at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of projects	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	22	1630
To be implemented*	7	830
Implementation commenced*	9	1140
Implemented*	12	23060
Not to be implemented	14	2300

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Activity type

Energy efficiency: Building services

Description of activity

HVAC

Estimated annual CO2e savings (metric tonnes CO2e)

320

Scope

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)

76821

Investment required (unit currency – as specified in CC0.4)

405227

Payback period

4 - 10 years

Estimated lifetime of the initiative

11-15 years

Comment

Activity type

Energy efficiency: Building services

Description of activity

Lighting

Estimated annual CO2e savings (metric tonnes CO2e)

300

Scope

Scope 2 (location-based)

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)

88627

Investment required (unit currency – as specified in CC0.4)

102586

Payback period

1-3 years

Estimated lifetime of the initiative

6-10 years

Comment

Activity type

Energy efficiency: Processes

Description of activity

Process optimization

Estimated annual CO2e savings (metric tonnes CO2e)

10

Scope

Scope 2 (location-based)

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)

647

Investment required (unit currency – as specified in CC0.4)

0

Payback period

<1 year

Estimated lifetime of the initiative

6-10 years

Comment

Activity type

Process emissions reductions

Description of activity

Changes in operations

Estimated annual CO2e savings (metric tonnes CO2e)

150

Scope

Scope 2 (location-based)

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)

38863

Investment required (unit currency – as specified in CC0.4)

0

Payback period

<1 year

Estimated lifetime of the initiative

11-15 years

Comment

Activity type

Low-carbon energy purchase

Description of activity

Other, please specify (Wind)

Estimated annual CO2e savings (metric tonnes CO2e)

22280

Scope

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)

0

Investment required (unit currency – as specified in CC0.4)

126720

Payback period

Please select

Estimated lifetime of the initiative

<1 year

Comment

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Compliance with regulatory requirements/standards	
Financial optimization calculations	
Internal incentives/recognition programs	

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

Yes

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

Level of aggregation

Group of products

Description of product/Group of products

Green bonds are fixed income securities for which the proceeds will be used for projects with clearly mandated environmental benefits. The projects typically involve renewable energy, energy efficiency, sustainable land use and clean water. In 2017, we led green and social sustainability bond transactions including private placements and municipality deals worth \$20.7 billion, bringing the total to approximately \$48.1 billion since 2013.

Are these low-carbon product(s) or do they enable avoided emissions?

Low-carbon product

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Other, please specify (Green Bond Principles)

% revenue from low carbon product(s) in the reporting year

Comment

Level of aggregation

Group of products

Description of product/Group of products

Morgan Stanley Capital Group Inc. (MSCGI) helps advance wind farms and solar installations across the U.S. by providing offtake agreements and hedging products to projects. This provides stable cash flows for developers, allowing them to complete the financing and construction process. In 2017, MSCGI provided long-term hedging transactions to over 1 GW of renewable projects.

Are these low-carbon product(s) or do they enable avoided emissions?

Low-carbon product

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Other, please specify (Internal due diligence)

% revenue from low carbon product(s) in the reporting year

Comment

Level of aggregation

Group of products

Description of product/Group of products

Recognizing clean technology as a key business opportunity, we help to advise, raise and mobilize capital towards clean tech and renewable energy businesses, including \$16.8 billion in 2017 bringing the total to over \$101 billion since 2006.

Are these low-carbon product(s) or do they enable avoided emissions?

Low-carbon product

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Other, please specify (Internal due diligence)

% revenue from low carbon product(s) in the reporting year

Comment

Level of aggregation

Group of products

Description of product/Group of products

The Morgan Stanley Investing with Impact Platform (IIP) provides investment strategies across asset classes that aim to generate market-rate returns for our clients, and meet the criteria of our Investing with Impact Framework. The IIP gives investors access to more than 140 equity and fixed income products with a mix of mutual funds, exchange-traded funds, separately managed accounts

and alternative investment opportunities. We also developed a Climate Change and Fossil Fuel Aware Investing Tool Kit designed as a road map for Morgan Stanley Financial Advisors to use with individual and institutional clients to develop a tailored investment approach to incorporate climate change and fossil fuel awareness into their portfolios based on their unique objectives.

Are these low-carbon product(s) or do they enable avoided emissions?

Low-carbon product

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Other, please specify (Internal due diligence)

% revenue from low carbon product(s) in the reporting year

Comment

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start

January 1 2012

Base year end

December 31 2012

Base year emissions (metric tons CO2e)

30990

Comment

Scope 2 (location-based)

Base year start

January 1 2012

Base year end

December 31 2012

Base year emissions (metric tons CO2e)

317530

Comment

Scope 2 (market-based)

Base year start

January 1 2012

Base year end

December 31 2012

Base year emissions (metric tons CO2e)

327000

Comment

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO₂e?

Row 1

Gross global Scope 1 emissions (metric tons CO₂e)

29450

End-year of reporting period

<Not Applicable>

Comment

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO₂e?

Row 1

Scope 2, location-based

209300

Scope 2, market-based (if applicable)

178350

End-year of reporting period

<Not Applicable>

Comment

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

No

(C6.5) Account for your organization's Scope 3 emissions, disclosing and explaining any exclusions.**Purchased goods and services****Evaluation status**

Relevant, calculated

Metric tonnes CO2e

1357000

Emissions calculation methodology

The Morgan Stanley global spend data obtained from finance and organized by account codes for all sources was categorized by SIC sector. Emission sources already accounted for in other categories were excluded from calculation (e.g.: utilities, air travel, waste disposal). Emission factors from economic input output analysis in Annex 13 of Defra's "2012 Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting." were individually applied to product categories. Global warming potentials come from the IPCC Second Assessment Report, 100 year averages.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation**Capital goods****Evaluation status**

Relevant, calculated

Metric tonnes CO2e

247000

Emissions calculation methodology

The Morgan Stanley global spend data obtained from finance and organized by account codes for all sources was categorized by SIC sector. Members of the finance team flagged appropriate account codes as representing spend on capital goods. Emission sources already accounted for in other categories were excluded from calculation (e.g.: utilities, air travel, waste disposal). Emission factors from economic input output analysis in Annex 13 of Defra's "2012 Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting" were individually applied to product categories. Global warming potentials come from the IPCC Second Assessment Report, 100 year averages.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation**Fuel-and-energy-related activities (not included in Scope 1 or 2)****Evaluation status**

Relevant, calculated

Metric tonnes CO2e

50850

Emissions calculation methodology

Activity data for this category is fuel and energy purchases assembled during compilations of the Scope 1 and 2 inventories. Upstream emissions from fuel purchases are calculated using cradle to gate emission factors from life cycle assessment software. Within the U.S., upstream emissions from purchased electricity are calculated emission factors calculated using lifecycle analysis software, and losses are calculated using % loss information from EPA's Year 2016 eGRID emission factors, Feb. 2016. Outside of the US, upstream emissions from purchased electricity and emissions from T and D losses are both calculated using emission factors from Defra's 2015 Guidelines. Steam boilers are assumed to operate on natural gas. Water chillers are assumed to operate on electricity from the local grid. Global warming potentials come from the IPCC's Fourth Assessment Report, 100 year averages.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

70

Explanation

Upstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

The minimal data for this category is already included in Category 1

Waste generated in operations

Evaluation status

Relevant, calculated

Metric tonnes CO2e

7040

Emissions calculation methodology

To estimate waste and recycling production factors per square foot of office space, we use data collected in New York City and London. Using these factors, waste and recycling production is extrapolated for all sites in Morgan Stanley's inventory. Waste is categorized by type of material and diversion method, including recycling, composting, incineration, and landfilling. Factors based on the U.S. EPA's WARM model are used to assign emission factors per ton of generated waste. Factors are from the EPA, Office of Resource Conservation and Recovery (February 2016) Documentation for Greenhouse Gas Emission and Energy Factors used in the Waste Reduction Model (WARM Version 14) with additional data provided from EPA. Waste emissions factors are consistent with the GHG Protocol Scope 3 guidance, and include the voluntary transportation emissions, with an assumed average distance traveled to the processing facility. International waste is assumed to have the same emission factors as US waste. Offsets from recycling, waste to energy, and composting are excluded from reported emissions. Global warming potentials come from the IPCC's Fourth Assessment Report, 100 year averages.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

17

Explanation

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO2e

106500

Emissions calculation methodology

Included in this category are: air travel, rail travel, chartered flights, car rentals, car services, and reimbursed mileage for Morgan Stanley's global operations. Activity data is tracked using a third party travel agency. For flights, the activity data includes cabin class and trip duration, which is disaggregated into flight distance thresholds (short haul, medium haul, long haul). Emission factors for flights, by cabin class and distance threshold, are from UK Defra's 2016 Guidelines. For rail travel, emissions are calculated using a standard emission factor from the EPA's Emissions Factors Hub applied to distance traveled. For ground transportation, actual volumes of fuel were converted to emissions using factors from the EPA's Emission Factors hub. Where fuel volumes were unavailable, fuel consumed was estimated using average vehicle gas mileage. Global warming potentials come from the IPCC's Fourth Assessment Report, 100 year averages.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

Employee commuting

Evaluation status

Relevant, calculated

Metric tonnes CO2e

109350

Emissions calculation methodology

For each business region, full time equivalents (FTEs) are allocated to three commuting mode types – car, public transport, and walking. For each region, average commute duration and average speed of commute are estimated using regional averages for commuting distance, time and speed, as well as a breakdown of modes of transit, collected from the literature. These factors are scaled based on FTEs in each region to estimate miles per year commuted via each mode of transit in each region. Average emission factors from the EPA's Emission Factors Hub for car and public transport are applied to the total miles traveled for employees in each region. Global warming potentials come from the IPCC's Fourth Assessment Report, 100 year averages.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

All leases have already been included within Scopes 1 & 2

Downstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

Our Scope 3 screening assessment established that downstream transportation and distribution is not relevant to our business. The screening assessment did identify that client travel to/from our facilities could be classified under the Scope 3 category however it was determined to be insignificant in scale.

Processing of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

Our Scope 3 screening assessment established that we do not have intermediate products that require further processing, transformation, or inclusion in another product before use. Therefore the processing of sold products category is not relevant as there are no emissions resulting from processing our products/services subsequent to sale to our clients and before use by the end consumer.

Use of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

Our Scope 3 screening assessment established that we do not have “direct” use-phase emissions from any of our products/services. “Indirect” use-phase emissions were identified for the electricity consumed by our customers to power technology to access our online services. These emissions were concluded to be insignificant in scale.

End of life treatment of sold products

Evaluation status

Not relevant, calculated

Metric tonnes CO2e

6000

Emissions calculation methodology

Activity data for this category is the total global weight of paper-distributed to clients in the form of brochures, statements, envelopes, and stationary, assembled by the paper procurement team in each region. It is assumed that all paper is distributed to clients, and all products find their way to landfills. The US EPA's WARM model (2012) is used to assign end of life emission factors per ton of paper thrown away. International waste paper is assumed to have the same emission factors as U.S. waste paper. Global warming potentials come from the IPCC's Second Assessment Report, 100 year averages.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

After calculating the emissions in this category based on the total global weight of paper-distributed to clients in the form of brochures, statements, envelopes, and stationary in 2013, we determined that the resultant emissions (6,000 tCO2e) are not relevant given the scale of the rest of our Scope 1, 2 & 3 inventory.

Downstream leased assets

Evaluation status

Relevant, calculated

Metric tonnes CO2e

230

Emissions calculation methodology

Included in this category are the emissions from electricity use and natural gas consumption in spaces that Morgan Stanley leases to a third party at our Westchester site. Activity data comes from electricity and natural gas invoices paid by Morgan Stanley. Emissions from electricity are calculated using region-specific emission factors from the U.S. EPA's 2012 eGrid. Natural gas emissions are calculated using the emission factor from the U.S. EPA's Emission Factors Hub. Global warming potentials come from the IPCC's Fourth Assessment Report, 100 year averages.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

Franchises

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

We do not operate Franchises and therefore this Scope 3 category is not relevant to our business.

Investments

Evaluation status

Relevant, not yet calculated

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

Morgan Stanley is monitoring the impending guidance resulting from the GHG Protocol Guidance for Scope 3 accounting and reporting of greenhouse gas emissions for the financial sector. Emissions will not be calculated or reported until this guidance is finalized.

Other (upstream)

Evaluation status

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

Other (downstream)

Evaluation status

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

C6.7

(C6.7) Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?

No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

0.00000698

Metric numerator (Gross global combined Scope 1 and 2 emissions)

207800

Metric denominator

unit total revenue

Metric denominator: Unit total

3794500000

Scope 2 figure used

Market-based

% change from previous year

8.73

Direction of change

Decreased

Reason for change

The decrease in emissions per unit of total revenue is driven by emission reduction activities (see C4.3b for a full list) that resulted in a decrease in total S1 and S2 (market-based) emissions of 21.5% while revenue increased by 9.6% between 2016 and 2017.

Intensity figure

4.67128208

Metric numerator (Gross global combined Scope 1 and 2 emissions)

207800

Metric denominator

full time equivalent (FTE) employee

Metric denominator: Unit total

57633

Scope 2 figure used

Market-based

% change from previous year

4.03

Direction of change

Decreased

Reason for change

The decrease in emissions per full time equivalent (FTE) employee is driven by emission reduction activities (see C4.3b for a full list) that resulted in a decrease in total S1 and S2 (market-based) emissions of 21.5%, while FTEs increased 4.2% between 2016 and 2017.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization have greenhouse gas emissions other than carbon dioxide?

Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	27500	IPCC Fourth Assessment Report (AR4 - 100 year)
CH4	50	IPCC Fourth Assessment Report (AR4 - 100 year)
N2O	50	IPCC Fourth Assessment Report (AR4 - 100 year)
HFCs	1850	IPCC Fourth Assessment Report (AR4 - 100 year)

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
United States of America	22880
United Kingdom of Great Britain and Northern Ireland	1150
Hungary	500
China, Hong Kong Special Administrative Region	190
France	150
India	110
Turkey	90
Japan	40
Spain	30
Australia	30
Canada	20
Germany	20
Italy	10
China	10
Other, please specify (Rest of World)	4220

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By facility

By activity

C7.3b

(C7.3b) Break down your total gross global Scope 1 emissions by business facility.

Facility	Scope 1 emissions (metric tons CO2e)	Latitude	Longitude
Westchester	2200	41.016756	-73.711198
1585 Broadway	4290	40.753357	-73.987196
20 Bank Street	670	51.502985	-0.022115
1 New York Plaza	500	40.702332	-74.012303
Budapest - Millennium 3	290	47.497912	19.040235
25 Cabot Square	140	51.50501	-0.023906
522 5th Ave	260	40.754805	-73.980648
Menlo Park	220	37.418843	-122.209201
Paris - Monceau	150	48.87855	2.312311
DC1	190	40.540076	-74.542152
International Commerce Centre	150	22.303392	114.160169
Heathrow	180	51.470022	-0.454295
Baltimore Thames Street Wharf	120	39.281161	-76.594211
Croydon	120	51.38537	-0.136197
Mobile Sources	4170		
Rest of World	15800		

C7.3c

(C7.3c) Break down your total gross global Scope 1 emissions by business activity.

Activity	Scope 1 emissions (metric tons CO2e)
Data Center	1120
Office	24160
Travel	4170

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)
United States of America	135060	135060	384640	1070
United Kingdom of Great Britain and Northern Ireland	30830	0	87690	87690
India	13430	13430	16280	0
China, Hong Kong Special Administrative Region	11220	11220	15220	0
Japan	4600	4600	8480	0
Australia	3190	3190	3780	0
China	2380	2380	3600	0
Hungary	1590	2130	5770	0
South Korea	1320	1320	2500	0
Singapore	1070	1070	2440	0
Other, please specify (Rest of the World)	4610	3950	17260	2010

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

- By facility
- By activity

C7.6b

(C7.6b) Break down your total gross global Scope 2 emissions by business facility.

Facility	Scope 2 location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
Ashburn	21730	21730
DC1	17500	17500
Central	13600	13600
Southern	13470	13470
DC2	11040	11040
North Eastern	8810	8810
1585 Broadway	8740	8740
International Commerce Centre	6370	6370
Western	6310	6310
1 New York Plaza	6040	6040
20 Bank Street	11140	0
Heathrow	8820	0
Croydon	7670	0
Remaining facilities under 5,000 tCO2e	68060	64740

C7.6c

(C7.6c) Break down your total gross global Scope 2 emissions by business activity.

Activity	Scope 2, location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
Data Center	89010	72520
Office	120290	105830

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

- Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined) and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	22280	Decreased	8.4	This year, several subsidiaries in Europe - in the UK, Switzerland, Luxembourg, and Germany - increased the amount of electricity secured from suppliers via contracts for 100% renewable electricity backed by Guarantees of Origin. This reduced our total S1+S2 (market-based) emissions by 8.4%. In total 22,280 tCO2e were avoided by these renewable energy purchases and our total S1 and S2 (market-based) emissions in the previous year was 264,690 tCO2e, therefore we arrived at 8.4% through $(22,280/264,690)*100\% = 8.4\%$.
Other emissions reduction activities	780	Decreased	0.3	This year, we have implemented various projects at sites around the globe to reduce our S1+S2 energy use in office space (aligned with our emission reduction target) by 0.3%. In total 780 tCO2e were reduced by our emissions reduction projects, and our total S1 and S2 (market-based) emissions in the previous year was 264,690 tCO2e, therefore we arrived at 0.3% through $(780/264,690)*100\% = 0.3\%$.
Divestment		<Not Applicable>		
Acquisitions		<Not Applicable>		
Mergers		<Not Applicable>		
Change in output		<Not Applicable>		
Change in methodology		<Not Applicable>		
Change in boundary		<Not Applicable>		
Change in physical operating conditions		<Not Applicable>		
Unidentified	33830	Decreased	12.8	This unidentified emissions reduction is the result of a combination of change in output and uncalculated emissions reductions activities due to the ongoing implementation of our energy management programs. We are being conservative by not including these in the 'emissions reduction activities' category because we are unable to designate these changes as measured reductions rather than changes in business requirements. We had 33,830 tCO2e unaccounted for emission reductions from 2016-2017, and our total S1 and S2 (market-based) emissions in the previous year was 264,690 tCO2e, therefore we arrived at 12.8% through $(33,830/264,690)*100\% = 12.8\%$.
Other		<Not Applicable>		

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Market-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertakes this energy-related activity
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	Yes
Consumption of purchased or acquired cooling	Yes
Generation of electricity, heat, steam, or cooling	Yes

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	0	135730	135730
Consumption of purchased or acquired electricity	<Not Applicable>	89700	438510	528210
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	0	2340	2340
Consumption of purchased or acquired cooling	<Not Applicable>	0	16040	16040
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	1070	<Not Applicable>	1070
Total energy consumption	<Not Applicable>	90770	592620	683390

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	Yes
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)

Diesel

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

50

MWh fuel consumed for the self-generation of electricity

0

MWh fuel consumed for self-generation of heat

50

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

<Not Applicable>

Fuels (excluding feedstocks)

Fuel Oil Number 2

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

2310

MWh fuel consumed for the self-generation of electricity

2310

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

<Not Applicable>

Fuels (excluding feedstocks)

Motor Gasoline

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

480

MWh fuel consumed for the self-generation of electricity

0

MWh fuel consumed for self-generation of heat

480

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

<Not Applicable>

Fuels (excluding feedstocks)

Jet Kerosene

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

16220

MWh fuel consumed for the self-generation of electricity

0

MWh fuel consumed for self-generation of heat

16220

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

<Not Applicable>

Fuels (excluding feedstocks)

Natural Gas

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

116670

MWh fuel consumed for the self-generation of electricity

16180

MWh fuel consumed for self-generation of heat

100490

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

<Not Applicable>

C8.2d

(C8.2d) List the average emission factors of the fuels reported in C8.2c.

Diesel

Emission factor

22.52545

Unit

lb CO2e per gallon

Emission factor source

CO2 & Heat Content: Federal Register (2009) EPA; 40 CFR Parts 86, 87, 89 et al; Mandatory Reporting of Greenhouse Gases; Final Rule, 30Oct09, 261 pp. Tables C-1 and C-2. Table of Final 2013 Revisions to the Greenhouse Gas Reporting Rule, September 24, 2013. CH4 & N2O: EPA (2015) Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990-2013. All values are calculated from Tables A-105 through A-107.

Comment

Fuel Oil Number 2

Emission factor

22.50508

Unit

lb CO₂ per gallon

Emission factor source

Solid, gaseous, liquid, and biomass fuels: Federal Register (2009) EPA; 40 CFR Parts 86, 87, 89 et al; Mandatory Reporting of Greenhouse Gases; Final Rule, 30Oct09, 261 pp. Tables C-1 and C-2 at FR pp. 56409-56410. Revised emission factors for selected fuels: Federal Register (2010) EPA; 40 CFR Part 98; Mandatory Reporting of Greenhouse Gases; Final Rule, 17Dec10, 81 pp.

Comment

Jet Kerosene

Emission factor

21.71362

Unit

lb CO_{2e} per gallon

Emission factor source

Federal Register (2009) EPA; 40 CFR Parts 86, 87, 89 et al; Mandatory Reporting of Greenhouse Gases; Final Rule, 30Oct09, 261 pp. Tables C-1 and C-2. Table of Final 2013 Revisions to the Greenhouse Gas Reporting Rule, September 24, 2013.

Comment

Motor Gasoline

Emission factor

19.40336

Unit

lb CO_{2e} per gallon

Emission factor source

CO₂ & Heat Content: Federal Register (2009) EPA; 40 CFR Parts 86, 87, 89 et al; Mandatory Reporting of Greenhouse Gases; Final Rule, 30Oct09, 261 pp. Tables C-1 and C-2. Table of Final 2013 Revisions to the Greenhouse Gas Reporting Rule, September 24, 2013. CH₄ & N₂O: EPA (2015) Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990-2013. All values are calculated from Tables A-102 through A-106.

Comment

Natural Gas

Emission factor

120.72065

Unit

lb CO_{2e} per 1000 cubic ft³

Emission factor source

Solid, gaseous, liquid, and biomass fuels: Federal Register (2009) EPA; 40 CFR Parts 86, 87, 89 et al; Mandatory Reporting of Greenhouse Gases; Final Rule, 30Oct09, 261 pp. Tables C-1 and C-2 at FR pp. 56409-56410. Revised emission factors for selected fuels: Federal Register (2010) EPA; 40 CFR Part 98; Mandatory Reporting of Greenhouse Gases; Final Rule, 17Dec10, 81 pp.

Comment

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	9420	9420	1070	1070
Heat	80392	80392	0	0
Steam	0	0	0	0
Cooling	0	0	0	0

C8.2f

(C8.2f) Provide details on the electricity, heat, steam and/or cooling amounts that were accounted for at a low-carbon emission factor in the market-based Scope 2 figure reported in C6.3.

Basis for applying a low-carbon emission factor

Off-grid energy consumption from an on-site installation or through a direct line to an off-site generator owned by another company

Low-carbon technology type

Solar PV

MWh consumed associated with low-carbon electricity, heat, steam or cooling

1070

Emission factor (in units of metric tons CO2e per MWh)

0

Comment

At the end of 2013, we completed installation on and began operating a 750 kW solar installation at our 2000 Westchester facility. In fiscal year 2017, we generated and consumed 1,070 MWh from this installation.

Basis for applying a low-carbon emission factor

Contract with suppliers or utilities (e.g. green tariff), supported by energy attribute certificates

Low-carbon technology type

Wind

Hydropower

MWh consumed associated with low-carbon electricity, heat, steam or cooling

89700

Emission factor (in units of metric tons CO2e per MWh)

0

Comment

In 2017, several subsidiaries in Europe - in the UK, Switzerland, Luxembourg, and Germany - contracted with their electricity suppliers to secure 100% renewable electricity backed by Guarantees of Origin.

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 and/or Scope 2 emissions and attach the relevant statements.

Scope

Scope 1

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Morgan Stanley 2017 - CDP GHG Verification Statement Limited.pdf

Page/ section reference

1

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope

Scope 2 location-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Morgan Stanley 2017 - CDP GHG Verification Statement Limited.pdf

Page/ section reference

1

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

Scope

Scope 2 market-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Morgan Stanley 2017 - CDP GHG Verification Statement Limited.pdf

Page/ section reference

1

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope

Scope 3- at least one applicable category

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Attach the statement

Morgan Stanley 2017 - CDP GHG Verification Statement Limited.pdf

Page/section reference

1

Relevant standard

ISO14064-3

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

No, but we are actively considering verifying within the next two years

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

Yes

C11.1a

(C11.1a) Select the carbon pricing regulation(s) which impacts your operations.

EU ETS

Other ETS, please specify (U.K. Carbon Reduction Commitment)

C11.1b

(C11.1b) Complete the following table for each of the emissions trading systems in which you participate.

EU ETS

% of Scope 1 emissions covered by the ETS

89

Period start date

January 1 2017

Period end date

December 31 2017

Allowances allocated

0

Allowances purchased

799

Verified emissions in metric tons CO2e

799

Details of ownership

Other, please specify (Both owned and leased facilities)

Comment

Both owned and leased facilities we operate in the U.K., including Data Centers

Other ETS, please specify

% of Scope 1 emissions covered by the ETS

0

Period start date

January 4 2016

Period end date

March 31 2017

Allowances allocated

0

Allowances purchased

3981

Verified emissions in metric tons CO2e

3981

Details of ownership

Other, please specify (Both owned and leased facilities)

Comment

Both owned and leased facilities we operate in the U.K., including Data Centers

C11.1d

(C11.1d) What is your strategy for complying with the systems in which you participate or anticipate participating?

Morgan Stanley's strategy for complying with the European Union Emissions Trading Scheme (EU ETS) is to purchase allowances. For example, in 2017, we took the following steps to be compliant:

- Calculated total carbon allowances needed for compliance;
- Completed an independent verification aligned with EU ETS requirements;
- Purchased required allowances and surrendered back to the EU Registry before the compliance deadline.

Morgan Stanley's strategy for complying with the United Kingdom Carbon Reduction Commitment (UK CRC) is also broadly to purchase allowances. For example, in 2017, we took the following steps to be compliant:

- Established new management processes to ease data collection;
- Registered with the Environment Agency, as required under the scheme, providing all company details;
- Installed new metering devices as a part of the CRC AMR requirements;
- Obtained EU ETS permits for the applicable sites and utilized partial year exemptions for the CRC requirements. CRC is only applicable to sites prior to their EU ETS permit start dates, once permitted these sites did not require compliance with the CRC. In future years, these sites will have full-year exemptions from CRC and comply solely with the EU ETS;
- For the period of April 2016 through March 2017, Morgan Stanley purchased allowances under the CRC. A CRC Evidence Pack was developed, which provides the necessary documentation and supplemental information. For the April 2016 through March 2017 period, we declared and purchased allowances by July 31, 2017. For the 2017/2018 period, we will be conducting the same process.

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

No

C11.3

(C11.3) Does your organization use an internal price on carbon?

No, and we do not currently anticipate doing so in the next two years

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers

Yes, our customers

Yes, other partners in the value chain

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Compliance & onboarding

Details of engagement

Included climate change in supplier selection / management mechanism

% of suppliers by number

% total procurement spend (direct and indirect)

% Scope 3 emissions as reported in C6.5

Rationale for the coverage of your engagement

The Firm seeks partnerships with vendors that provide initiatives on recycling, and to conserve energy and reduce waste. For example, for our offices in the U.S., all on-site cafeterias participate in a third-party waste reduction program. Where possible, surplus perishables and shelf-stable items are donated to local organizations that work to reduce hunger and food insecurity in underserved communities. Cafeterias also buy seasonal fresh produce, meat and seafood from local farms and vendors. We also work with a vendor to expand our recycling program, to include traditionally unrecyclable items. These activities help reduce our global footprint, thereby reducing our negative impact on the climate.

Impact of engagement, including measures of success

Across our offices in the U.S., we source over 20 seasonal products from local farms throughout the year. All of our New York City locations donate surplus food to local organizations. These activities help reduce our global footprint, thereby reducing our negative impact on the climate.

Comment

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement

Collaboration & innovation

Details of engagement

Other – please provide information in column 5

Size of engagement

% Scope 3 emissions as reported in C6.5

Please explain the rationale for selecting this group of customers and scope of engagement

Global sustainability challenges, such as climate change and inequality, pose significant risks to our business as well as tremendous opportunities to be part of the solution alongside public policymakers, regulators and the private sector. Through our Institutional Securities, Wealth Management and Investment Management business segments, in partnership with our Global Sustainable Finance (GSF) group, we offer scalable financial solutions and advisory services that seek to deliver competitive financial returns while driving positive environmental and social impact. The Morgan Stanley Institute for Sustainable Investing supports these activities, and drives sustainable investment by fostering innovation and delivering thought leadership that empowers investors. Client engagement and education is a critical component in driving sustainable product development. We partner with business units to engage clients on a case by case basis. This can include roadshows, one-off meetings, and distribution of sustainability-focused research.

Impact of engagement, including measures of success

Success in engaging our clients can be measured by the growth of our sustainable investing products in services. Assets invested with our Investing with Impact Platform within Wealth Management totaled \$7.5 billion at the end of 2017, marking progress toward our goal of \$10 billion by the end of 2018. In 2017, Sustainability research analysts in our Institutional Securities business applied our ESG Integration Framework, which includes climate change considerations, to identify risks and opportunities in more than 1,000 stocks. In addition, to serve our clients' evolving needs, our Sustainability research team publishes research reports to advance ESG integration and thematic investing. In 2017, Investment Management voted in favor of nonroutine shareholder proposals on climate change 65 percent of the time and engaged 107 companies on ESG issues, including climate change. Within Institutional Securities, we led green and social sustainability bond transactions, including private placements and municipality deals, worth \$20.7 billion in 2017, bringing the total to approximately \$48.1 billion since 2013. We also helped to advise, raise and mobilize \$16.8 billion in capital to support clean tech and renewable energy businesses, bringing the total to more than \$101 billion since 2006.

C12.1c

(C12.1c) Give details of your climate-related engagement strategy with other partners in the value chain.

Stakeholders such as NGOs are partners we frequently engage on climate-related issues. Stakeholder feedback informs environmental and social considerations factored into risk evaluations led by the Firm's Environmental and Social Risk Management (ESRM) group, which reviews transactions that could expose Morgan Stanley to direct or indirect risks related to environmental and social issues. Certain transactions meeting designated criteria are escalated to our Regional or Global Franchise committees for senior leadership review and approval.

In 2016, we held a stakeholder engagement roundtable on climate risk and opportunities in order to refine our sustainability strategy and enhance our ability to advance sustainable investing in the marketplace. Our goal is to engage deeply on how we can enhance our business approaches in this area, with leadership from senior management. The Morgan Stanley Institute for Sustainable Investing Advisory Board and senior Firm leadership reviewed the roundtable's key findings. Stakeholder feedback is also informing our ongoing environmental and social risk management enhancements.

Additionally, the Morgan Stanley Institute for Sustainable Investing regularly engages with stakeholders on opportunities to accelerate the adoption of sustainable business and sustainable investing. In 2017, the Institute represented the Firm in the Ceres Investor Network on Climate Risk and Sustainability.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

- Direct engagement with policy makers
- Trade associations
- Funding research organizations

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Climate finance	Support	During 2017, Morgan Stanley supported two joint corporate statements urging the United States to stay in the Paris Agreement, coordinated by the Center for Climate and Energy Solutions and the B Team global business leaders group. Morgan Stanley has previously publicly supported climate finance through public policy engagement. For example, in advance of the 2015 UNFCCC COP 21, Morgan Stanley and six other major U.S. banks issued a joint statement calling for cooperation among governments in reaching a global climate agreement. The statement called for clear, stable policy frameworks that are needed to accelerate and further scale investments in climate solutions.	The statements signed in 2017 support the U.S. staying in the Paris Agreement.
Climate finance	Support	In 2017, our CEO, James Gorman, joined around 100 global business leaders in signing a statement of support for the TCFD.	No proposed legislation, but the TCFD was convened by the FSB.

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association

International Emissions Trading Association (IETA)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

International Emissions Trading Association (IETA) is a nonprofit business organization created to establish a functional international framework for trading in GHG emission reductions. Membership includes international companies from across the carbon trading cycle. Members seek to develop an emissions trading regime that results in real and verifiable GHG emission reductions, while balancing economic efficiency with environmental integrity and social equity.

How have you, or are you attempting to, influence the position?

Morgan Stanley participates on IETA's various U.S. and Canadian working groups. Morgan Stanley's engagement focuses on implementation and details of how these mechanisms are implemented (i.e., detail of implementation and scheme design). The Firm supports proposals that increase efficiency, transparency, stability and effectiveness of the mechanisms.

Trade association

Australian Financial Markets Association (AFMA)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The Australian Financial Markets Association (AFMA) is the peak industry association for Australia's wholesale banking and financial markets. These markets play a pivotal role in the Australian economy by making it possible for Australian financial institutions and companies to conduct business with each other and with their counterparts overseas. AFMA represents over 130 industry participants in the wholesale banking and financial markets, including Australian and foreign banks, securities companies, state government treasury corporations, fund managers, traders in electricity and other specialized markets and industry service providers.

How have you, or are you attempting to, influence the position?

Morgan Stanley participates on AFMA's environmental markets working group to engage on topics of the emissions trading scheme that is legislated in Australia and the Mandatory Renewable Energy Target legislation. The Firm's engagement focuses on implementation and details of how these mechanisms are implemented (i.e., detail of implementation and scheme design). Morgan Stanley supports proposals that increase efficiency, transparency, stability and effectiveness of the mechanisms.

Trade association

The Electric Power Research Institute, Inc. (EPRI)

Is your position on climate change consistent with theirs?

Mixed

Please explain the trade association's position

The Electric Power Research Institute, Inc. (EPRI) conducts research, development and demonstration relating to the generation, delivery and use of electricity for the benefit of the public. As an independent, nonprofit organization, EPRI brings together scientists, engineers and experts from academia and the industry to help address challenges in electricity, including generation, delivery and use, management and environmental responsibility.

How have you, or are you attempting to, influence the position?

Morgan Stanley engages through shared leadership in the form of a senior Morgan Stanley executive on the board and executive committee of EPRI. In addition, a Morgan Stanley executive sits on the EPRI Advisory Council.

Trade association

The U.S. Partnership for Renewable Energy Finance (US PREF)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The U.S. Partnership for Renewable Energy Finance (US PREF) is a coalition of senior-level financiers who invest in all sectors of the energy industry, including renewable energy. PREF members meet with policymakers to provide their perspectives on how renewable energy finance policies affect the market, and how proposed policies could affect the market. US PREF is not a lobbying organization or an advisory committee to government, rather, it is an educational program that provides expert input on how the renewable energy finance market works.

How have you, or are you attempting to, influence the position?

Morgan Stanley is an active member of US PREF.

Trade association

Ceres

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

Ceres is an advocate for sustainability leadership. Ceres mobilizes a powerful network of investors, companies and public interest groups to accelerate and expand the adoption of sustainable business practices and solutions to build a healthy global economy. Ceres' mission is to mobilize investor and business leadership to build a thriving, sustainable global economy.

How have you, or are you attempting to, influence the position?

Morgan Stanley is a member of Ceres, and the CEO of Ceres is a member of the Morgan Stanley Institute for Sustainable Investing Advisory Board. Morgan Stanley worked with Ceres and other financial institutions on a statement urging global action in advance

of COP.

Trade association

Business for Social Responsibility (BSR)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

BSR is a global nonprofit organization that works with its network of more than 250 member companies and other partners to build a just and sustainable world. BSR catalyzes business action on climate change in two ways: by helping companies reduce greenhouse gas emissions to hold the increase in the global average temperature to well below 2°C (3.6°F) and by building resilience to climate impacts throughout company operations and value chains.

How have you, or are you attempting to, influence the position?

Morgan Stanley is a member of BSR and frequently engages the organization's consultants on projects related to climate change activities within the Firm.

Trade association

The Principles for Responsible Investment (PRI)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The Principles for Responsible Investment (PRI) is the world's leading initiative on responsible investment with over 1,900 investor signatories globally representing approximately U.S. \$70 trillion in assets under management. The PRI develops resources for investor to support ESG integration and engagement with policymakers on sustainability-related issues, including climate change.

How have you, or are you attempting to, influence the position?

Morgan Stanley Investment Management has been a signatory to the PRI since 2013.

C12.3d

(C12.3d) Do you publicly disclose a list of all research organizations that you fund?

No

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

The advisory board of the Morgan Stanley Institute for Sustainable Investing is chaired by our CEO and helps to ensure that our sustainability strategy, including as it relates to climate change, is comprehensive, rigorous and innovative. Several members of the advisory board have extensive public policy experience, and help guide the Firm on public policy activities as they relate to climate change. The Global Sustainable Finance group builds on the insight from the Institute and leads the Firm's public policy engagement, and as a central sustainability function, aims to coordinate across business units to ensure alignment of positions.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

In mainstream reports

Status

Complete

Attach the document

2018_Proxy_Statement.pdf

Content elements

Governance

Strategy

Risks & opportunities

Emission targets

Publication

In voluntary sustainability report

Status

Complete

Attach the document

2017_MS_Sustainability_Report.pdf

Content elements

Governance

Strategy

Risks & opportunities

Emissions figures

Emission targets

Other metrics

Publication

In voluntary communications

Status

Complete

Attach the document

Morgan Stanley Announces New Goal of Carbon Neutrality for Global Operations.pdf

Content elements

Emissions figures

Emission targets

C14. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C14.1

(C14.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Chief Sustainability Officer	Chief Sustainability Officer (CSO)

