

## California Voluntary Carbon Market Disclosure

January 1, 2025

This information has been prepared and is provided for the sole purpose of disclosure under Sections 44475-44475.3 of the California Health and Safety Code and is not intended, nor can it be relied on, to create legal relations, rights, or obligations. By posting information on its website, Morgan Stanley, including its subsidiaries and affiliates (collectively, “**Morgan Stanley**” or “**we**”), is not conceding that any specific item is required to be disclosed nor waiving any arguments about the interpretation of Sections 44475-44475.3 or any other applicable laws or regulations. This information is subject to change without notice.

### Section 44475 Information

As part of a diversified global financial institution, Morgan Stanley, through Morgan Stanley Capital Group Inc. and certain affiliates, makes markets in various commodity products, including voluntary carbon credits or voluntary carbon offsets (collectively, “**VCOs**”). In this capacity, Morgan Stanley purchases VCOs from project developers, corporations, other market makers, and other counterparties seeking to sell such VCOs, and sells such VCOs to institutional or corporate buyers. Morgan Stanley also responds to interest from potential buyers seeking to purchase VCOs. Morgan Stanley markets and sells VCOs that are available for resale to counterparties throughout the United States, including California, as well as throughout the world. The VCOs that Morgan Stanley markets and sells are listed on the following publicly available websites of nationally and internationally recognized registries:

- Verra: <https://registry.verra.org/app/search/VCS>
- Gold Standard: <https://registry.goldstandard.org/projects?q=&page=1>
- Climate Action Reserve: <https://thereserve2.apx.com/myModule/rpt/myrpt.asp?r=111>
- American Carbon Registry: <https://acr2.apx.com/myModule/rpt/myrpt.asp?r=111>

Any VCO marketed or sold by Morgan Stanley is developed according to the particular certification standards, estimation and monitoring protocols, documentation requirements, and third-party verification requirements of the registry on which it is listed. Each of these registries, prior to listing a particular VCO, subjects the projects underlying such VCO to initial due diligence and periodic re-evaluation to determine whether such projects meet, and continue to satisfy, the particular registry’s certification standards.

The registries make information regarding the VCOs and the associated projects publicly available for review at no cost by any person, including Morgan Stanley and its counterparties, on their respective websites through search features that list these details or provide access to documents that have been submitted by the relevant projects. Information available on these websites typically includes the following:

- the project identification number;
- the project name;
- the specific protocol used to estimate emissions reductions/removal benefits;
- the location of the offset project site;
- the project timeline;
- the date when the project started or will start;
- the dates and quantities when a specified quantity of emissions reductions or removals started or will start, or was modified or reversed;
- the type of project, including whether the offsets from the project are derived from a carbon removal, an avoided emission, or, in the case of a project with both carbon removals and avoided emissions, the breakdown of offsets from each;
- any standards of the registry, and potentially any standards established by law or by another nonprofit entity, satisfied by the project;

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- the durability period for any project, if available;
- any independent expert or third party validation or verification of the project attributes; and
- emissions reduced or carbon removed on an annual basis.

The standards of the registries contain various accountability measures, such as the ones described above. In many cases, among the details regarding an associated carbon offset project available on the registry websites are whether a VCO is part of a “buffer pool” or “buffer reserve”. Generally, a portion of VCOs generated by a project is set aside and placed in a “buffer pool” or “buffer reserve” instead of being sold. Such credits can be canceled from the pool if a carbon storage project is reversed or if future emissions reductions do not materialize such as in the case of a nature-based carbon credit project involving the preservation of forestry land that is subsequently destroyed by fire. The availability of buffer pools or buffer reserves may be viewed as an additional accountability measure if a project is not completed or does not meet the projected carbon abatements, such as in the case of forestry and other projects with heightened risks of reversals. Morgan Stanley makes no separate undertaking, action or contractual obligation if, with respect to a VCO it has marketed or sold, the associated project is reversed or if future emissions reductions do not materialize.

Morgan Stanley relies on the registries with respect to the above referenced information made public on their websites regarding the associated carbon offset projects, including, without limitation, the durability period of any project. Morgan Stanley does not represent to the market or to the potential or actual buyer that it has any additional information with respect to a particular VCO beyond that which is publicly available on the applicable registry.

From time to time, Morgan Stanley also may market VCOs that have yet to be issued or registered or are in the process of being issued or registered on these same registries. In all such cases, however, any sales contemplated by such marketing efforts are fully contingent on the VCOs achieving the requisite certification for issuance and listing on a relevant registry.

## **Section 44475.1 Information**

Morgan Stanley purchases and uses VCOs as part of its efforts to achieve its commitment to carbon neutral operations, discussed in the next section. Relevant information about the projects used by us for this purpose can be found on their respective registry listings using the links below.

- Verra: [VCS2402](#), [VCS959](#), [VCS2498](#), [VCS 2250](#), and [VCS 1530](#)
- Climate Action Reserve: [CAR 1567](#), [CAR 1674](#)
- American Carbon Registry: [ACR 844](#)

## **Section 44475.2 Information**

**Carbon Neutrality.** Morgan Stanley committed to achieve carbon neutrality in its operations, a commitment it met in 2022 and 2023. Information on our carbon neutral operations commitment and approach to measuring progress is available in Morgan Stanley’s [2023 ESG Report](#), at page 47. Our 2022 and 2023 operational emissions data is disclosed on page 58 of the [2023 ESG Report](#).

As of January 1, 2025, Morgan Stanley’s carbon neutral operations commitment is not independently verified by a third party. However, we have received limited third-party assurance that the Scope 1, Scope 2, Scope 3, Category 6 (Business travel) and Scope 3, Category 13 (Downstream leased assets) Greenhouse Gas Emissions metrics presented within the 2022 and 2023 ESG Reports as of and for the years ended December 31, 2022 and December 31, 2023, respectively, are presented in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) published by the World Resources Institute/World Business Council for Sustainable Development (the “**GHG Protocol**”). Please see pages 111-113 of the [2022 ESG Report](#) and pages 89-91 of the [2023 ESG Report](#) for additional information.

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**Net Zero Financed Emissions.** Morgan Stanley committed to achieve net zero financed emissions by 2050 and set 2030 interim financed emissions targets applicable to lending to six high-emitting sectors. Information on these targets and Morgan Stanley's approach to measuring interim progress toward them is available in a methodology report, [Morgan Stanley's 2030 Interim Financed Emissions Targets](#)

Calvert Research and Management ("Calvert") is part of Morgan Stanley Investment Management, the asset management division of Morgan Stanley. Calvert, consistent with its fiduciary duties to clients and beneficiaries, has committed to work toward an ambition of net zero emissions across its assets under management by 2050 and set an interim target to reduce its portfolio Scope 1 & 2 emissions by 50% across targeted assets by 2030. The methodology and scope of Calvert's commitment to Net Zero can be found at [Calvert Research and Management – The Net Zero Asset Managers initiative](#). Calvert's approach to measuring interim progress can also be found at [Progress Report: Calvert Research and Management](#) (pages 29-30).

Certain investment funds managed by Morgan Stanley Investment Management and its affiliates may include carbon dioxide or greenhouse gas emission reduction targets as part of their investment strategy. Where applicable, information regarding how such targets are determined to be accomplished, how interim progress is measured, and whether there is independent third-party verification is disclosed in the respective fund's offering documents and/or periodic reports available on the fund's website.

As of January 1, 2025, data on Morgan Stanley's and Calvert's financed emissions is not subject to independent third-party verification. However, we have received limited third-party assurance that the Absolute Financed Emissions for the Auto Manufacturing, Energy and Power sectors for the year ended December 31, 2022 included within the Morgan Stanley 2023 ESG Report are presented in accordance with the GHG Protocol. Please see pages 89-91 of the [2023 ESG Report](#) for additional information.

## DISCLOSURES

### Forward-Looking Statements

Certain statements herein, including expectations related to targets, goals, aspirations or objectives such as financed emissions targets, including interim targets, commitments, representation objectives and the achievement thereof, may be “forward-looking statements” within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Actual results or actions may differ from anticipated goals, approaches and targets set forth in the forward-looking statements. These statements are not historical facts or statements of current conditions, but instead are based on management’s current expectations and are subject to uncertainty and changes in circumstances. These statements are not guarantees of future results or occurrences and involve certain known and unknown risks, uncertainties and assumptions that are difficult to predict and are often beyond our control. In addition, this disclosure contains statements based on hypothetical scenarios and assumptions, which may not occur or differ significantly from actual events, and these statements should not necessarily be viewed as being representative of current or actual risk or forecasts of expected risk.

Actual results and financial conditions may differ materially from those included in these statements due to a variety of factors, including, among others, data quality and availability, global socio-demographic, political and economic conditions and trends; energy prices; technological innovations; climate-related conditions and weather events; counterparty and client behavior, including the ability to reach climate targets and execute on transition plans, and financial health; the evolution of consumer behavior; insurance applicability, legislative and regulatory changes; the need for thoughtful climate policies, the challenge of balancing short-term targets with the need to facilitate an orderly transition and energy security, our ability to retain and attract qualified employees in a competitive environment for talent; the potential impact of legal and regulatory obligations; and other unforeseen events or conditions, and the precautionary statements included in this disclosure and those contained in Morgan Stanley’s periodic filings with the Securities and Exchange Commission (SEC) under the Securities Exchange Act of 1934, as amended (Exchange Act). Certain forward-looking statements included in this disclosure are also based on assumptions, standards, metrics, methodologies and frameworks for measurement, reporting and analysis of climate change that continue to evolve, vary across jurisdictions and regulatory bodies and are the subject of proposed regulatory changes in multiple jurisdictions, which may have a material impact on our future measurement and reporting. Any forward-looking statements made by or on behalf of Morgan Stanley speak only as to the date they are made, and Morgan Stanley does not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the date the forward-looking statements were made.

### Materiality

This disclosure is being provided for the sole purpose of compliance with Sections 44475-44475.3 of the California Health and Safety Code. Our approach to this disclosure differs in significant ways from those disclosures included in mandatory regulatory reporting, including under SEC rules and regulations.

Information within this disclosure may be presented from a different perspective or in more detail than disclosures mandated by our global regulators. In particular, while the foregoing discussion describes potential future events that may be significant or material (based on disclosure recommendations and broader definitions of materiality used by certain voluntary external frameworks and reporting guidelines or those in non-U.S. jurisdictions), the significance or materiality of those potential events should not be read as equating to or arising to the level of materiality as required under U.S. federal securities laws, including as the concept is used in Morgan Stanley’s periodic filings with the SEC under the Exchange Act. In addition, any discussion of forward-looking statements in this disclosure is not an indication that the subject or information is material to Morgan Stanley for U.S. federal securities laws and regulations reporting purposes. We continue to monitor the climate disclosure landscape and evolve our reporting accordingly.

### Use of Third-Party Information

No reports, documents or websites that are cited or referred to in this disclosure shall be deemed to form part of this disclosure. In addition, certain information contained in this disclosure has been derived from

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publicly available information released by third-party sources, which Morgan Stanley believes to be reasonable, although Morgan Stanley has only been able to complete limited validation. Third-party climate information may not reflect the latest or most accurate data. To the extent that such third-party information we use is subsequently determined to be erroneous or otherwise not in keeping with best practices, it may affect our disclosures. Certain third-party information, such as scope 3 emissions and emissions factors, may change over time as methodologies evolve and are refined or current data changes or is restated or new data is added. These and other factors could cause results to differ materially from those expressed in the estimates and beliefs made by third parties and by Morgan Stanley.

Given the inherent uncertainty of the estimates, assumptions and timelines involved, we may not be able to anticipate whether or the degree to which we will be able to meet our plans, targets, goals, aspirations or objectives in advance. Morgan Stanley also cannot guarantee that the data provided in its disclosures will be consistent year over year, as data quality, particularly climate-related data, improves. This data should not be interpreted as any form of guarantee or assurance of accuracy, future results or trends and Morgan Stanley makes no representation or warranty as to third-party information.

## **Other Disclosures**

The information provided in this disclosure is subject to change without notice. We do not undertake to update any of such information in this disclosure. This disclosure is not intended to, nor can it be relied upon, to create legal relations, rights or obligations.

This disclosure is provided for informational purposes only and is not intended as advertising, or marketing material, or as a recommendation to purchase any asset, product or service. There is no assurance that goals or targets stated in this disclosure (including interim targets) will be achieved or result in positive measurable outcomes. Information contained in this disclosure, including commitments, goals, targets, aspirations and objectives, and their related frameworks, methodologies or approaches, is subject to change without notice.

Individual funds and client accounts may have specific ESG related goals and restrictions that affect ESG integration. Please refer to governing documents of individual vehicles to understand their binding ESG criteria. ESG strategies that incorporate impact investing and/or ESG factors could result in relative investment performance deviating from other strategies or broad market benchmarks, depending on whether such sectors or investments are in or out of favor in the market. As a result, there is no assurance ESG strategies could result in more favorable investment performance. Calvert is part of Morgan Stanley Investment Management. Morgan Stanley Investment Management is the asset management division of Morgan Stanley.

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